Pensions & Investment Age

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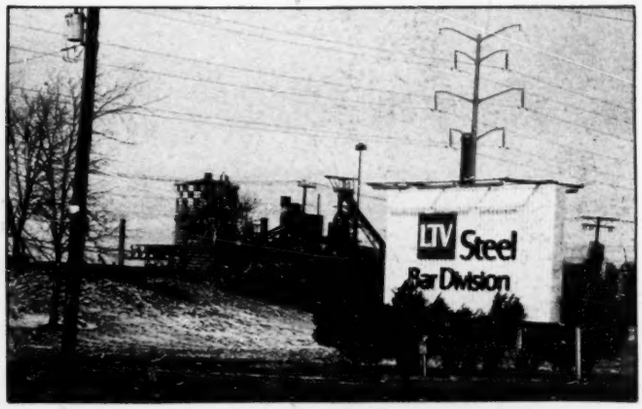

The LTV Corp. attempted to terminate health-care benefits to Steelworkers who retired from this Chicago plant and others.

Firms face $100 billion retiree health care bill

By Barry B. Burr

The LTV Corp.'s attempt to terminate its retirees' health-care benefits underscores the vast unfunded liabilities — possibly more than $100 billion — facing companies for post-employment medical costs.

It also raises a possible parallel to the problems and distress that led to enactment of the Employee Retirement Income Security Act.

LTV's troubles are the latest in a series of recent events giving the costs more attention:

• The Department of Labor, noting pre-funding is rare among corporations, estimated in a study released in May that the present value of accrued liabilities for retiree health care benefits was $98 billion in 1983.

• The Financial Accounting Standards Board's emerging issues task force released two issue summaries on retiree health costs, opening formal discussion on accrual and disclosure of the benefits.

• As an unreported liability,

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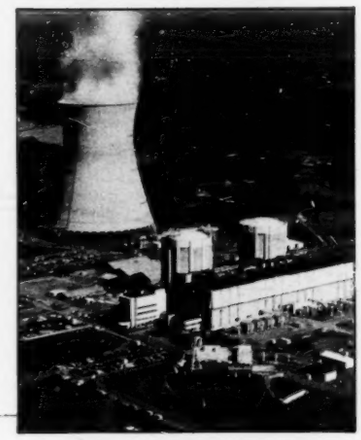

CASH MANAGEMENT: Arkansas Power & Light Co., which runs this nuclear plant in Russellville, might set up a separate trust to handle money for decommissioning its nuclear units, while other utilities already have such funds — page 43.

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INTERNATIONAL: U.S. tax-exempt assets invested abroad rose 105% during the 12 months ended March 31, based in part on the strong overseas stock market — special section, page 15. Profiles of 77 international money managers — page 16.

USX delays refinancing

Moody's rating review deals steelmaker another blow

By Brad Rudin

PITTSBURGH — USX Corp., wounded because of low oil and steel prices and put under a cloud by The LTV Corp.'s bankruptcy filing, took another blow when an unfavorable credit-rating report forced the company to suspend plans to refinance $250 million of 12.5% debt with oil-indexed notes.

That issue, managed by The First Boston Corp., was part of a $2.9 billion refinancing plan designed to trim interest payments by $125 million annually for the next seven years. (About $1.3 billion in debt from the Marathon Oil Co. acquisition already has been refinanced.)

Refinancing the balance — about $1.5 billion — has been complicated by the unfavorable credit report. A shelf registration for the refinancing has been filed with the Securities and Exchange Commission.

Moody's Investors Service, New York, downgraded USX's commercial paper to Prime-3 from Prime-2 late last month. The corporation's long-term debt has been "placed under review for possible downgrade," the rating agency announced.

That report on USX — formerly United States Steel Corp. — prompted the decision to indefinitely postpone sale of the oil-indexed notes, said David C. Batten, a managing director at First Boston.

Moody's announcement "was a surprise to the company and a surprise to us, and so we'll have to wait and see what happens," Mr. Batten said.

Robert M. Hernandez, the company's vice president and treasurer, was unavailable for comment on the suspended debt issue. A USX spokesman said company officials expect to return to the market "when conditions are favorable, but there's no timetable."

Wall Street experts expect the notes eventually will be sold, but at a greater expense to USX.

"Certainly they will have access to the capital markets," said Robert S. Waill, a fixed-income analyst at L.F. Rothschild, Unterberg, Towbin. "There are many weaker credits with access to the markets."

Corporate finance

James Alexander, an investment banker at Drexel Burnham Lambert Inc., said the size and age of the company will allow it to sell debt despite recent setbacks. The demand for high-yield securities remains strong, he said.

Other observers disagreed.

"This changes things a bit," said Charles A. Bradford, a steel analyst at Merrill Lynch, Pierce, Fenner & Smith Inc. "I don't know if they will be able to sell as much commercial paper with the lower rating," he said.

Selling assets to raise cash will be hard for USX, Mr. Bradford said. "The easiest things U.S. Steel had to sell have already been sold."

But Robert A. Hageman, a steel analyst at Kidder, Peabody & Co., said USX might have to sell more assets more quickly.

"If the market is not closed, but let's say more difficult for them, while they have been on a major asset sale program in the last several years, this may have to be accelerated somewhat," Mr. Hageman said.

"With what's going on in the oil market as well as steel, they may have to readjust — which they already have since the beginning of the year — their capital expenditures, which have come down significantly as oil and steel have been under pressure. And that still has a lot of room to go," Mr. Hageman said.

USX's position in the capital markets will become more clear in a few weeks when Moody's completes its evaluation of the company's credit.

Under review are the Baa 2 rating on USX's senior debt, Baa 3 rating on its subordinated debt, Baa 3 on preferred stock and Ba 1 on preference stock. The debt of several LTV units also is under review.

A prepared statement by Moody's said "there is a strong likelihood of continued volatility in energy prices at depressed levels, and that the bankruptcy filing of LTV, the nation's second-largest steel producer, has aggravated an already difficult situation in the steel industry, in which USX is the largest competitor."

USX officials, also in a prepared statement, responded, "We are appalled at Moody's unilateral decision to downgrade its rating of USX's commercial paper and to review with negative implications the long-term debt of the corporation and its subsidiaries . . .

"For Moody's to use the recent LTV bankruptcy filing as its reason to downgrade (USX's) com-

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2 seek OK on incentive fees

By Chuck Paustian

WASHINGTON — Batterymarch Financial Management, Boston, and BDN Advisors, New York, are asking the Department of Labor to approve performance-based fee proposals.

The department is expected to issue advisory opinions — rather than exemptions — on the money managers' proposals in the next two months. The opinions would give pension investment professionals guidance on what types of fee schedules the department would approve, while the exemptions would have applied only to the two firms.

In another development, both the Investment Counsel Association of America Inc., New York, and Wilshire Associates, Santa Monica, Calif., have issued papers providing guidance on performance-based fees.

Corporate pension funds currently cannot implement performance-fee schedules because they would violate prohibited transaction provisions of the Employee Retirement Income Security Act.

David M. Walker, assistant deputy secretary of the department's Pension Welfare Benefits Administration, confirmed the department is leaning toward issuing advisory opinions on the fee proposals.

He said the advisory opinions would indicate the Labor Department's interpretations of ERISA's provisions as they pertain to performance fees.

"While it would be confined to this specific case, it would provide some general guidance to the ERISA community. The advisory opinion has a broader implication than a specific exemption," Mr. Walker said.

Batterymarch's fee proposal is a fulcrum fee arrangement and contains both a floor and ceiling on the fee paid.

Alan J. Strassman, executive vice president of Batterymarch, said the proposal was developed after conversations with some of the firm's clients.

"We went to selected clients who we knew well enough that we thought they would give us honest feedback," he said.

"What we wanted to do is give them a structure where if it's a bad year, they're able to get some of (the fee) back, if you will, through reduced fees; and if it's a good year, we share in the reward."

Now, Batterymarch's fees are 85 basis points for the first $10 million of assets under management; 45 basis points for the next $10 million; 35 basis points for the next $30 million; and 15 basis points for any amount above $50 million.

Under the performance-based fee schedule, the firm's performance would be measured against the return of the Standard & Poor's 500 stock index for a one-year period.

After the one-year period, if Batterymarch's performance surpassed the return of the index by more than 100 basis points, the firm would be entitled to a "bonus" fee, calculated as a percentage of the previous year's fee.

The bonus fee would equal 5% of the prior year's fee for performance 101 to 300 basis points

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DOL strikes out in court

Grumman trustees win

Appeals court agrees fund suffered no loss in '81

By Brad Rudin

NEW YORK — A federal appeals court has upheld a decision that the Grumman Corp. pension fund suffered no losses when it bought additional company shares at a premium to help stave off a 1981 takeover bid by The LTV Corp.

The decision means the trustees of the plan, including John C. Bierwirth, are not liable for any damages to the fund arising from their breach of fiduciary duty in the purchase of the stock and their failure to tender Grumman stock held by the plan.

The decision also appears to end the Department of Labor's litigation against the trustees. The DOL is unlikely to ask for a Supreme Court review of the ruling, a department official said.

The decision by the 2nd U.S. Circuit Court of Appeals drew fire from critics who say corporate pension trustees will be encouraged to boost a plan's holding of company stock during a takeover battle even if that means they have to pay a higher price.

When LTV made a tender offer for Grumman in 1981, Grumman's pension plan trustees used plan assets to purchase 1,158,000 shares of Grumman stock at an average price of $38.34. Several days before the tender offer, Grumman shares traded at prices ranging from just more than $23.87 to $27.25.

More than a year later, sale of these shares at $47.55 — along with previously held Grumman stock — earned the plan $11.41 a share, net of commissions, or $13,212,780.

Labor Department lawyers, arguing the trustees breached their fiduciary duties, obtained a preliminary injunction in 1982 barring them from trading Grumman stock without court approval.

In granting the injunction, U.S. District Judge Jacob Mishler found the trustees had breached their fiduciary duty.

In addition, the department asked for an order requiring Grumman to pay damages to the pension fund because the stock had been purchased at an inflated price.

Judge Mishler later ruled the fund had suffered no loss from the trustees' actions.

The Labor Department's efforts to have damages paid suffered a death blow when the Court of Appeals upheld the lower court's calculation of the gain received by the pension plan as a result of the stock purchase.

At issue was whether the U.S. District Court for the Eastern District of New York had correctly applied the appellate court's instruction in 1985 to determine loss or gain by compar-

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Union's mortgages upheld

By Joel Chernoff

ATLANTA — In a ruling that may boost socially oriented investments by union funds, a federal appeals court said it is legal and prudent for a pension fund to invest in below-market-rate home mortgages.

The 3-0 decision by the 11th U.S. Circuit Court of Appeals in Atlanta represents a major setback for the Department of Labor, which has argued mortgages offered at terms below those made available by local banks and thrifts violate the Employee Retirement Income Security Act of 1974.

The issue had been crucial to construction-industry unions, which sought to create jobs for members when interest rates hit record levels in the early 1980s.

The case, which involved litigation filed in 1981 by the Labor Department against trustees of the Local 675 Operating Engineers Pension Trust, Pompano Beach, Fla., has left the government in a quandary, and may cause it to seek review by the U.S. Supreme Court.

The appeals court rejected the government's argument that a pension fund must charge the prevailing rate of interest in making home mortgages. Rather, it found the "reasonable rate" required by the law does not mean the local market's prevailing rate.

"We cannot draw that inference from such an unclear legislative history," the ruling said.

In part, the suit concerned $2 million in below-market-rate mortgages offered to plan participants and beneficiaries in 1980 and 1981. (The department earlier had lost on issues involving the financing and construction of the pension fund and union's office building, and salary expenses paid by the fund.)

The first nine loans were made in May 1980 at rates of 10⅜% or 10¾%, while 31 subsequent loans were offered at an 11% rate. Meanwhile, the rates posted in a Federal Home Loan Bank Board survey of Southern Florida financial institutions were several percentage points higher.

Under the mortgage program, a borrower had to meet eligibility criteria, purchase mortgage insurance if the down payment was less than 20% of the home's appraised value and assign accrued pension benefits to the plan as additional loan security.

The program has been continued, making a total of about $3 million on home loans, according to Dennis Walton, chairman of the $44 million fund's board of trustees and business manager of the union local.

The court said the law requires a fund charge a "reasonable" rate

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Chicago Pneumatic ESOP case pending

By Brad Rudin

WASHINGTON — The Department of Labor has yet to decide whether it will continue efforts to obtain restitution from the Chicago Pneumatic Tool Co., New York, for transferring 1 million company shares to the employee stock ownership plan during a takeover attempt in March.

Labor Department officials were unwilling to say if or when they would require the company to answer the April complaint they filed.

In April, the Labor Department charged Chicago Pneumatic's ESOP overpaid the company about $10 million for the unregistered treasury shares, which were trading at a premium at the time they were bought because of a takeover attempt by Danaher Corp., Washington.

The department asked the U.S. District Court for the Southern District of New York to remove Thomas P. Latimer, then the president of the company, from his position as sole trustee of the ESOP. The department also asked the court to appoint a receiver for the ESOP.

(Mr. Latimer resigned as trustee about a week after the department filed suit. He was replaced as president after Danaher completed its acquisition of two-thirds of Chicago Pneumatic's stock in June, and installed its own top executives.)

Noting Mr. Latimer had taken a strong stand against the takeover, the court said "his personal interests conflicted with his duty to act in the interests of the plan beneficiaries in deciding whether to tender its shares to Danaher." The shares acquired by the ESOP never were tendered.

Although the court accepted the view that Mr. Latimer's status presented him with a conflict of interests, it rejected contentions of misconduct.

Specifically, the court rejected the Labor Department's argument that Mr. Latimer breached his fiduciary duty by accepting the shares into the plan after the increase in price. The court also rejected the department's request for a receiver.

Commenting on the court's opinion, a Labor Department official said, "I don't think that it necessarily blows us out of the water."

The company's refusal to register the shares has yet to be fully addressed by the court, said the official, who did not want to be identified.

The court's May 13 opinion focused on the department's request to remove Mr. Latimer from his position as the ESOP trustee.

Despite Mr. Latimer's departure, the Labor Department's request for restitution is pending. The department said Mr. Latimer and the company should reimburse the ESOP for "all losses arising from their breaches of fiduciary duty."

Although the Labor Department official said he doesn't "consider the case dead," Thomas McGanney, a lawyer representing Chicago Pneumatic, said the "ball is in (the department's) court."

Mr. McGanney rejected the

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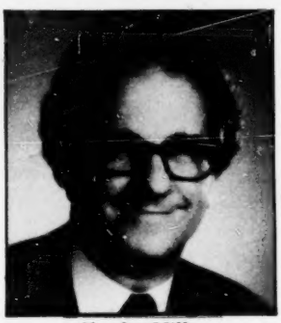
Criterion's chief gains from IPO

By Marci Baker

HOUSTON — The initial public offering for the Criterion Group Inc. will put $10 million to $12 million into Charles Miller's pockets without taking control of the Houston money management firm from its president.

Criterion has filed with the Securities and Exchange Commission for an estimated $38 million IPO. The firm will sell 1.6 million shares of Class A stock through co-managers Goldman, Sachs & Co., New York, and Piper, Jaffray & Hopwood Inc., Minneapolis, at an estimated offering price of $21 to $24 per share, according to the preliminary prospectus.

Mr. Miller is selling 514,000 Class A shares, reducing his stake in the company to 22.8% from 32.1% previously, according to the prospectus.



Charles Miller

But he will retain control because he is keeping all 1.7 million shares of Class B common stock, which will give him about 86% of the voting power on shares outstanding following the public offering. The Class B stock, convertible at any time into Class A shares on a share-for-share basis, offers 20 votes per share on all proxy voting matters, while Class A shares provide for one vote per share.

More than 1 million shares will be those held by existing

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Mapco fund restructures to eliminate contribution

By Brad Rudin

TULSA, Okla. — Mapco Inc. has restructured its $100 million defined benefit pension plan, opting for active equity, fixed income and real estate with the aim of making contributions unnecessary in the immediate future.

Mapco hired Hahn Holland & Grossman, Chicago, and Beutel Goodman Capital Management Ltd., Houston, to each run $35 million equity portfolios. It also gave Hartford, Conn.-based Aetna Life and Casualty Co. $10 million to invest in an open-end commingled real estate fund, while Fiduciary Trust Co. of New York was to manage a $10 million fixed-income portfolio.

The four managers will receive funds that have accumulated in several guaranteed investment contracts. A $10 million slice of the pension fund will remain in a GIC from Aetna Life.

"The company — as a result of mergers, internal growth and the growth of the funds themselves over the last few years — two or three years ago decided that we needed to get more professional in the management of our money, to be more directly invested as opposed to (investing with) insurance companies," said Robert E. Hyer Jr., Mapco's vice president for administration.

With the help of William M. Mercer-Meidinger Asset Planning Inc., Atlanta, Mapco decided on a strategy that would divide the fund's assets into three classes — real estate, fixed income and equity.

Mr. Hyer said Mapco selected a consultant that did not have a money management unit because the company did not want to be faced with a conflict of interests during the search for managers.

InterFirst Bank Dallas remains the master trustee for the defined benefit plan.

Mapco considered 20 management companies in a preliminary screening and narrowed the field to eight in the last phase of the selection process.

Determining the asset allocation plan and selecting the managers took about a year, Mr. Hyer said.

"For the first time we have a professionally managed fund with set objectives and a game plan in place," Mr. Hyer said. "I'm ready to go."

Mapco also announced changes in the company's $20 million profit-sharing plan.

Kemper Financial Services Inc., Chicago, which managed about $13 million for Mapco, was terminated, Mr. Hyer said. Mitchell Hutchins Asset Management Inc., New York, which managed about $6.5 million, now will be responsible for $10 million in growth equities. Cutler & Co. Inc., Medford, Ore., also will manage a $10 million portfolio in high-yield stocks.

The changes in the Mapco pension plan were made in July. Mapco, which owns coal mines, gasoline stations, refining facilities and pipelines, has 3,300 employees and 200 retirees drawing benefits.

The newly structured assets in the fully funded defined benefit plan have been designed to free the company from the necessity of making contributions in the near future. "The plan is basically self-sustaining for the next 10 years," Mr. Hyer said.

Mercer-Meidinger suggested an asset allocation model that will prevent the plan from becoming a drain on company funds when the markets dip. "How can we structure an investment plan that minimizes the possibility they will have a bad year?" was the question before the consultant and the plan sponsor, said Paul V. Troup, a principal at Mercer-Meidinger.

A 5% inflation-adjusted annual return on investment is expected over five years, he said.

"By using rolling five-year periods, we can mathematically calculate whether the guy has a reasonable probability of making the goal. If he does, and his relative performance is good, then he's on track," explained Mr. Troup.

"If he doesn't, and the relative performance is good, it means the goal is too tough. If he doesn't, and the relative performance is

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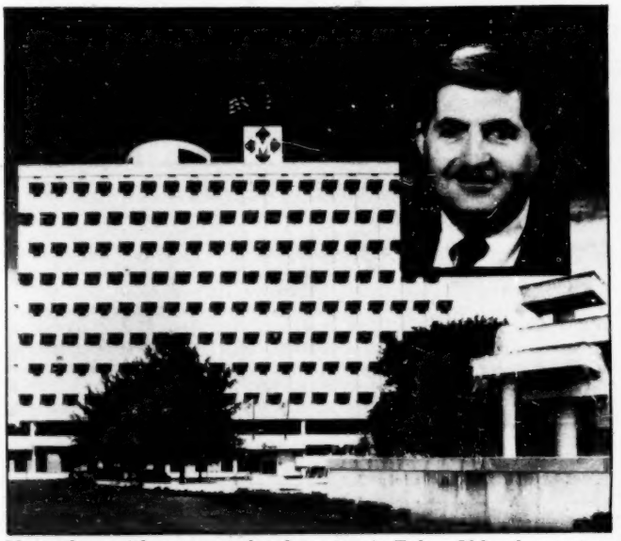

Mapco Inc., with corporate headquarters in Tulsa, Okla., has restructured its $100 million defined benefit plan, according to Robert E. Hyer Jr., (inset) vice president for administration at Mapco.

GTE may join group; 9 sign up

By Joel Chernoff

The Council of Institutional Investors, after a loss of momentum, is once again on the move.

In recent weeks, the group of pension fund investors' membership roll has swelled by nine, with at least two more waiting in the wings. Significantly, one pending application is from the $8 billion GTE Service Corp. pension fund, which will become the council's second corporate fund member, joining U S WEST Inc.

The additions will boost membership to 43 funds, with assets of nearly $200 billion. Most members are public funds, with a sizable minority of union-related funds.

What's more, the council is widening its focus to include topics beyond the scope of corporate governance issues, such as how to better provide fiduciary liability insurance.

Although new issues might enhance the group's appeal to prospective members, corporate governance issues still dominate the agenda. Several members cited the New York Stock Exchange's proposal to allow listed companies to issue common stock with unequal voting rights as a key factor in the council's recent growth surge.

"Multiple voting rights basically is the ultimate shark repellent because it gives management the ability to vote itself in and stay for life," said Ian Lanoff, a former U.S. pension administrator and the council's secretariat.

The council now is developing its strategies to oppose the NYSE proposal, including lobbying the Securities and Exchange Commission and forging alliances with other

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Interest rates, excise tax play part

Overfunded plan terminations slow

By Chuck Paustian

WASHINGTON — The pace of terminations of overfunded pension funds slowed dramatically during the first half of 1986 because of plummeting interest rates and the threat of a 10% excise tax on surplus assets.

The amount expected to be recovered from completed and pending terminations between May 1980 and June 30, 1986, crawled to $13.76 billion. As of Dec. 31, 1985, the amount expected to be recovered was $11.52 billion.

Pension Benefit Guaranty Corp. data as of July 7 show the number of plans with termination dates during the first six months of 1986 declined 79.5% from the same period in 1985.

Total assets and total reversions from plans terminating during the first six months of 1986 also declined, 74.7% and 73%, respectively, in comparison to the same period last year.

(Those figures do not include the $350 million expected reversion from the termination of a $1.5 billion plan by Goodyear Tire & Rubber Co., Akron, Ohio.

(Since filing with the PBGC, company officials announced they no longer intend to terminate the plan.)

During the first six months of 1986, 40 plans with total assets of $825.4 million filed to recoup $390.9 million.

For the first half of 1985, 196 plans with total assets of about $3.26 billion filed to recover about $1.45 billion.

The decrease in activity comes after two previous years of record-breaking reversions.

For calendar year 1985, companies are expected to recover more than $5.87 billion through completed and pending terminations, breaking the record of more than $3.63 billion expected to be recouped during 1984.

Not included in the PBGC data is Hughes Tool Co., Houston, which intends to file for a spinoff/termination of at least one of its defined benefit plans, *Pensions & Investment Age* has learned.

Hughes Tool executives could not be reached for comment.

According to the company's 1985 annual report, Hughes Tool has $202 million in pension assets and $133 million in total accrued benefits.

Among those recently filing to terminate an overfunded plan was Phelps Memorial Hospital Center, North Tarrytown, N.Y.

Phelps Memorial will terminate a $12.7 million plan and recapture about $5.7 million, said Thomas C. Dowdell, vice president-finance and administrative services.

He said the plan's total assets and amount of surplus have changed since the company originally filed its termination request in April.

PBGC data show the plan had total assets of $11.4 million with an expected reversion of $5.2 million as of April 1.

"Because of interest rates going down, the increased cost of purchasing annuities has gone up almost proportionately to the growth of our assets," said Mr. Dowdell.

He said Phelps Memorial has not received a notice of sufficiency from the PBGC. The recouped assets will be used for general cor-

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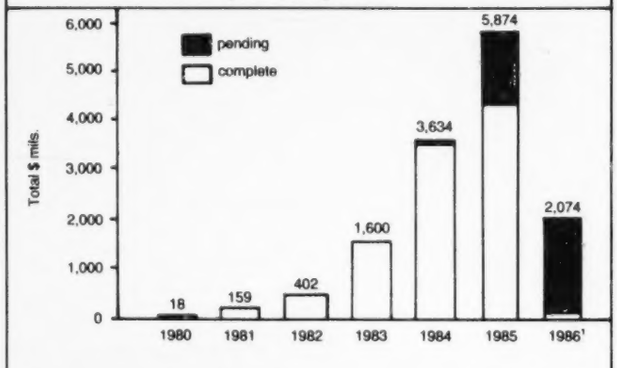
Reversions from terminated pension plans*



* Aggregate reversion amounts, complete and pending terminations (calendar years 1980-1985)

¹ Filings as of July 7

Source: U.S. House Select Committee on Aging
Tabulations based on Pension Benefit Guaranty Corp. data.

Pension returns underperform market

By Richard J. Gillespie

WASHINGTON — Pension and endowment fund performance has lagged the market and risk-free 91-day Treasury bills, a long-awaited study commissioned by the Department of Labor shows.

Not only did the funds underperform market indexes during the 16-year period from 1968 through 1983, they were substantially outperformed by mutual funds on both an absolute and risk-adjusted basis, the study found.

But the results "do not suggest an opportunity for meaningful public policy innovations," the study said.

The Employee Retirement Income Security Act "has not created substantial difficulties for the management of pension plan assets. Nor does it appear that any expansion of legislation would improve the investment performance of ERISA plans," the study said.

In addition, the study did not come to any conclusions as to why the retirement and endowment funds were eclipsed by mutual funds, leaving such findings to be drawn from a follow-up study being conducted by the Pension Welfare Benefits Administration's chief economist, Richard Ippolito.

Stephen Berkowitz, one of the study's authors, speculated changes in asset allocation and investment strategy and high trading costs stemming from high turnover rates were key factors in pension funds' weak performance.

The sweeping study took researchers Berkowitz, Logue & Associates of Columbia, Md., two years to complete. It examined in detail the performance of 120 private retirement plans, 33 endowments, 36 public plans and 57 mutual funds from 1968 to 1983.

During the 16-year period the mean return on 57 mutual funds

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PBGC fears more steel plan terminations

By Richard Gillespie and Chuck Paustian

WASHINGTON — The LTV Corp.'s announcement it will terminate one of its pension plans has sparked fears of a landslide of steel industry plan terminations, dumping as much as $3.3 billion in unfunded liabilities on the Pension Benefit Guaranty Corp.

PBGC officials are afraid Dallas-based LTV eventually will terminate all of its underfunded plans, and that competitive pressures could drive other steelmakers to follow suit.

The PBGC could assume as much as $2 billion in unfunded liabilities if LTV terminates all of its plans. Similar actions by other leading steel producers could result in another $1.3 billion in liabilities being dumped in the agency's lap.

Although LTV officials insist only a Republic Steel Corp. plan for salaried workers will be terminated, many analysts say it's inevitable the firm will terminate its other large plans.

If that happens, the PBGC's $1.7 billion deficit would more than double.

Kathleen P. Utgoff, executive director of the PBGC, fears a ripple effect among distressed companies. "All the highly competitive smokestack industries and the airline industry (pose problems), none of them as much as steel."

"All but two of the major steel producers pose significant risks to the PBGC," added Judy Bekelman, a PBGC spokeswoman.

For example, Bethlehem Steel Corp., Bethlehem, Pa., had an unfunded vested liability of $1.03 billion as of Jan. 1, 1985, excluding reported assets of $121 million due in employer contributions and a $738 million credit for plant shutdowns, according to the company's annual report.

Armco Inc., Morristown, N.J., was short $271 million to cover accrued benefits, excluding $106 million in receivables and a $190 million credit for closed operations and early retirement costs, the annual report shows.

But Charles Bradford, vice president of Merrill Lynch Capital Markets, New York, said it's unlikely other steel companies will terminate their plans because recent changes in bankruptcy and pension laws have made it much more difficult to evade labor problems.

Kevin Putt, deputy executive secretary of the PBGC, dismissed that argument. Pension law changes only gave the PBGC an additional 5 cents on the dollar on its claim in bankruptcy situations, he noted, adding "that is not sufficient incentive to keep steel companies out of bankruptcy."

"The fact is because there is an overcapacity in the steel industry, if one company is able to shave a little over $3 off its wage costs, how can another company make that up," Mr. Putt said.

Nevertheless, if LTV does dump the burden for its other plans on the PBGC, the effect on the agency — and its corporate premium payers — would be severe, causing the premium to go as high as $23 per participant, the PBGC estimates.

The premium recently was hiked to $8.50 per participant from $2.60 after a five-year struggle. But the agency's growing deficit — spurred by the $475 million claim from the termination of Wheeling-Pittsburgh Steel Corp.'s pension plans — already merits a $14.50 premium, Ms. Utgoff has stated.

"Something will have to be done to take care of our current deficit. The $8.50 premium will not cover that, especially if LTV terminates," Ms. Utgoff said.

She does not intend to propose a premium increase at this time.She said several other reforms have been suggested, all designed to reduce the liability of the agency. Those proposals include changing the minimum funding standards, implementing risk-related premiums and changing the priority of the pension liability in bankruptcy proceedings.

"The last piece of PBGC legislation, which was passed in COBRA (Consolidated Omnibus Budget Reconciliation Act) and passed in April, was the result of years of negotiations," said Frank B. McArdle, education director at the Employee Benefit Research Institute, Washington.

"Any further reforms of the PBGC would be a difficult piece of legislation to pass," he said.

"Clearly the impact of terminations like LTV, if they do indeed terminate, is going to add pressure for further legislation in the PBGC area."

Ms. Utgoff said if LTV were to terminate its plans, the PBGC would be its largest creditor.

LTV's 25 pension plans cover about 137,000 participants, including 78,000 retirees. (In March, LTV filed to do a spinoff/termination of the $18.5 million Kemtron International, Dallas, pension plan and expects to receive a $12.9 million reversion.)

According to sources, when representatives of LTV and the PBGC met a day after LTV filed for protection under Chapter 11 of the federal Bankruptcy Code, the company's position was it did not have to terminate any other plans.

The Republic Steel plan, however, had been run down to its last few illiquid assets by lump sum payouts, and had to be funded by monthly cash infusions prior to the bankruptcy filing.

Unfunded liabilities for that plan are estimated at $400 million.

An LTV spokesman said the company will meet its August benefit payments to the Republic Steel salaried plan by selling off an annuity.

According to Ms. Utgoff, company officials agreed to keep up payments to the Republic Steel salaried plan, at least until Aug. 1. Then, it might be necessary for the PBGC to seek an involuntary termination "to protect the benefits of retirees," she said, an unusual move for the PBGC.

Industry analysts said it would be virtually impossible for LTV to succeed in its attempt to reorganize under Chapter 11 without ending its other plans. They are puzzled why LTV officials are reluctant to admit that.

"I am not at all clear on whether they can continue to handle these enormous pension obligations on their own," said Steven G. Brooks, senior analyst at Moody's Investors Service Inc., New York.

"I think they will be forced to terminate contributions to the plan. There just isn't enough cash to keep funding those plans," said Peter L. Anker, managing director and senior metals analyst at The First Boston Corp. in New York.

But LTV spokesman Charles M. Palmer insists it would be premature to conclude other LTV pension plans would have to be terminated and unfunded liabilities transferred to the PBGC.

"That unfunded liability will be addressed in the plan of reorganization for LTV, and that typically takes anywhere from 12 months to three years, and LTV is particularly large and complex," he said.

Time already might be running out. On Sept. 15, LTV must pay its $200 million pension fund contribution for 1985, and a similar amount is accruing for 1986. In fact, LTV's pension, welfare and health benefits costs are running at $1 million a day.

Dudley Heer, an analyst with Duff & Phelps Inc. in Chicago, speculated LTV's reluctance to terminate its three other large steel plans (a second Republic Steel plan and two at its Jones & Laughlin steel unit) is the result of a secured funding waiver agreement reached with the Internal Revenue Service and the PBGC.

The agreement, the first secured waiver ever obtained by the PBGC, states termination of any one of the three plans would trigger a clause under which the PBGC could collect stock of LTV Aerospace and Defense Co.

"LTV will rally around aerospace, if only because that is the most viable business they have, and they will fight to protect that going into bankruptcy proceedings," said Joseph V. Battipaglia, an analyst with Gruntal & Co., New York.

LTV estimates the value of LTV Aerospace at between eight and 12 times the $175 million collateral pledged to the PBGC in lieu of its contributions.

But Ms. Utgoff said Shearson Lehman Brothers Inc. had put the aerospace unit's value much lower, in excess of $600 million. Some of the stock also was pledged to some banks under a loan credit guarantee for $250 million, some of which has been paid off. Ms. Utgoff said there was possibly $400 million subject to the PBGC's primary claim.

If the other three steel plans were terminated, the aerospace unit would not cover the total unfunded liability, she said.

Mr. Heer estimates LTV Corp.'s net worth at about $800 million, although the company was losing about $500 million a year in its pre-bankruptcy state, he said. ■

Corrections

- On page 16 of the July 21 issue, the corporate assets of **Firestone Tire & Rubber Co.** should have been $2.528 billion.
- The telephone number for Venture Economics was listed incorrectly in a July 21 datebook item on the firm's annual venture capital forum in Boston, Oct. 9-10. The correct number is (617) 431-8100.

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Opinion

As long as you're divesting . . .

SO MANY PUBLIC PENSION funds, endowments and foundations have decided to divest their portfolios of the stocks of companies doing business in South Africa that it's time to take the divestiture movement further. Such funds should not discriminate in their indignation.

First, concerned funds ought to purge their portfolios of U.S. Treasury obligations. The U.S. government has far greater dealings with South Africa than any corporation. If a fund must divest its portfolio of the stocks of companies doing business in or with South Africa, how can it in good conscience hold Treasury securities?

Some funds also have taken aim at companies doing business in or with Northern Ireland because of discrimination against Catholics there, but there are many other countries worthy of divestiture attention. For example, companies doing business in England should be on the divestiture list because of its role in Northern Ireland.

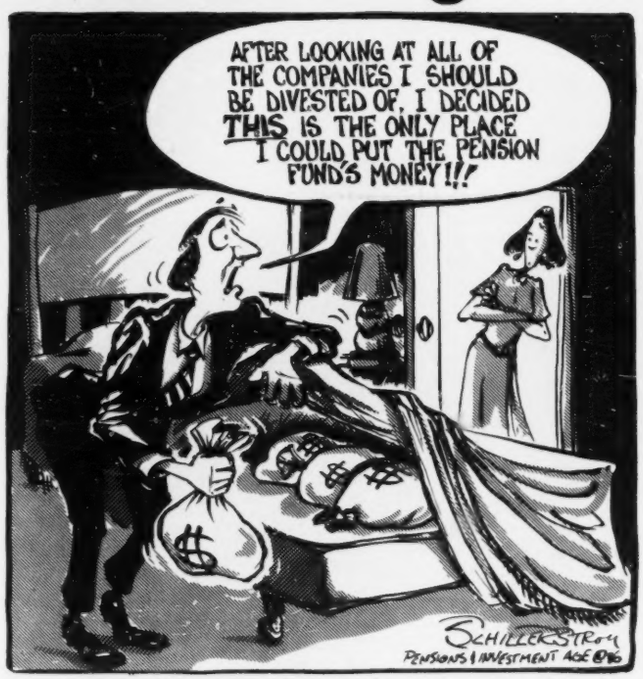
Companies doing business with the Soviet Union should not be in any self-respecting public pension fund or university endowment portfolio, if only because of the invasion of Afghanistan.

Spain should be on the list because, clearly, the Basques have grievances the Spanish government is not adequately addressing.

Similarly, out of the portfolio should come companies doing business with France, which not only blew up the Greenpeace ship Rainbow Warrior, but is resisting the efforts of some of its Pacific colonies to win independence.

Half-a-dozen European countries, including West Germany, should be on the black list because of their treatment of the migrant workers in Europe.

India belongs on the list because of its treatment of its Moslem minority, especially the Sikhs, and because of the continued existence of the caste system; Australia because of its treatment of the aborigines; Malaysia because of its discrimination in law against the local Chinese; Zimbabwe because of the discrimination against the Ndebele; Japan because of its discrimination against its Japanese-born Korean minority; and Israel for religious discrimination and for supplying arms to both South Africa and Iran.


AFTER LOOKING AT ALL OF THE COMPANIES I SHOULD BE DIVESTED OF, I DECIDED THIS IS THE ONLY PLACE I COULD PUT THE PENSION FUNDS MONEY!!!
SCHILLERSTROM
PENSIONS & INVESTMENT AGE ©'86

The list could probably go on, but by now most stocks on the New York Stock Exchange with any foreign sales probably have been eliminated.

Tax uncertainty fueling malaise

A MAJOR BUSINESS publication headlined a story about IBM Corp.'s poor results so far this year: "What's wrong with IBM?"

What's wrong with IBM is what's wrong with the whole economy.

The U.S. economy is slowing, and some economists are predicting a possible recession early next year.

Some commentators, and especially some members of Congress, have expressed surprise at this turn of events, but there should be no surprise.

Congress has contributed to the country's economic malaise with its long, drawn out efforts at tax reform.

The statistics on business capital investment so far this year suggest companies are holding off making investment decisions until the tax reform bill is passed and they know what the rules of the game will be.

Now that the consumer has run out of purchasing power, or at least the desire to purchase, and the farmers and the oil service industries are feeling the effects of low prices, the economy needs a boost from investment spending by those industries that are healthy.

But that boost will not come while there is uncertainty about the tax implications of their investment decisions.

The sooner the two houses can settle their differences on tax reform and send a bill to the president, the better for the economy.

Business may not like the final tax bill, but it likes uncertainty even less.

Letters to the editor

Bankers Trust data

To the Editor: Bankers Trust was omitted from the Cash Management Directory published July 21. The bank has a substantial cash management business, as evidenced by the following information.

Our 65 cash management professionals service more than 22% of the "Fortune 1,000."

Bankers Trust's collections services include both manual and automated wholesale lockboxing. We also offer extensive controlled disbursement services, including reports by 10:30 a.m. EST, delayed funding capability and alternative presentment locations. Our lockbox/disbursement studies use the Phoenix Hecht/UAI model.

Our communication services include our own terminal-access balance reporting system, as well as Through the ACH we offer terminal-initiated transactions, depository transfer checks, direct deposit of payroll and pre-authorized debits. We are able to send and receive corporate trade payments through the ACH.

Our extensive international capabilities include letter of credit, cash letter, money transfer, documentary collections and foreign exchange advisory and trading.

Additional services include automated account sweeps, cash letter, zero-balance accounts, multitiered balance accounts, money transfer, payable-through drafts, account reconciliation and a treasury workstation developed by ADS.

Our contact for customers is Albert Bellino, senior vice president-global operating and information services.

Assistant vice president
Bankers Trust Co.
New York

Capital Consultants

To the Editor: Enclosed is the data required for Capital Consultants to be included with money managers not in the May 19 issue.

As of Jan. 1, Capital Consultants Inc., 2300 S.W. First Ave., Portland, Ore. 97201, (503) 241-1200, had $630 million in total assets under management. Of that, $561 million was tax-exempt.

The tax-exempt asset mix was 31% stocks, 33.4% bonds, 8.5% cash, 14.6% equity real estate, 11.9% mortgages and 0.6% mortgage-backed securities.

Capital Consultants has 39 corporate clients; $67 million in mortgages; and $3 million in mortgage-backed securities.

It has equity, fixed-income, balanced and real estate capabilities.

In equities, the focus is on stock selection. In fixed income, the average maturity adjustment is between three and seven years depending on inflation expectation and cyclical credit considerations.

In real estate, Capital Consultants offers clients investments in mortgages and equity-related mortgages and equity positions in quality commercial properties.

Gregory J. Houser, senior vice president, is chief investment officer. John Svicarovich, vice president, is client contact.

John Svicarovich

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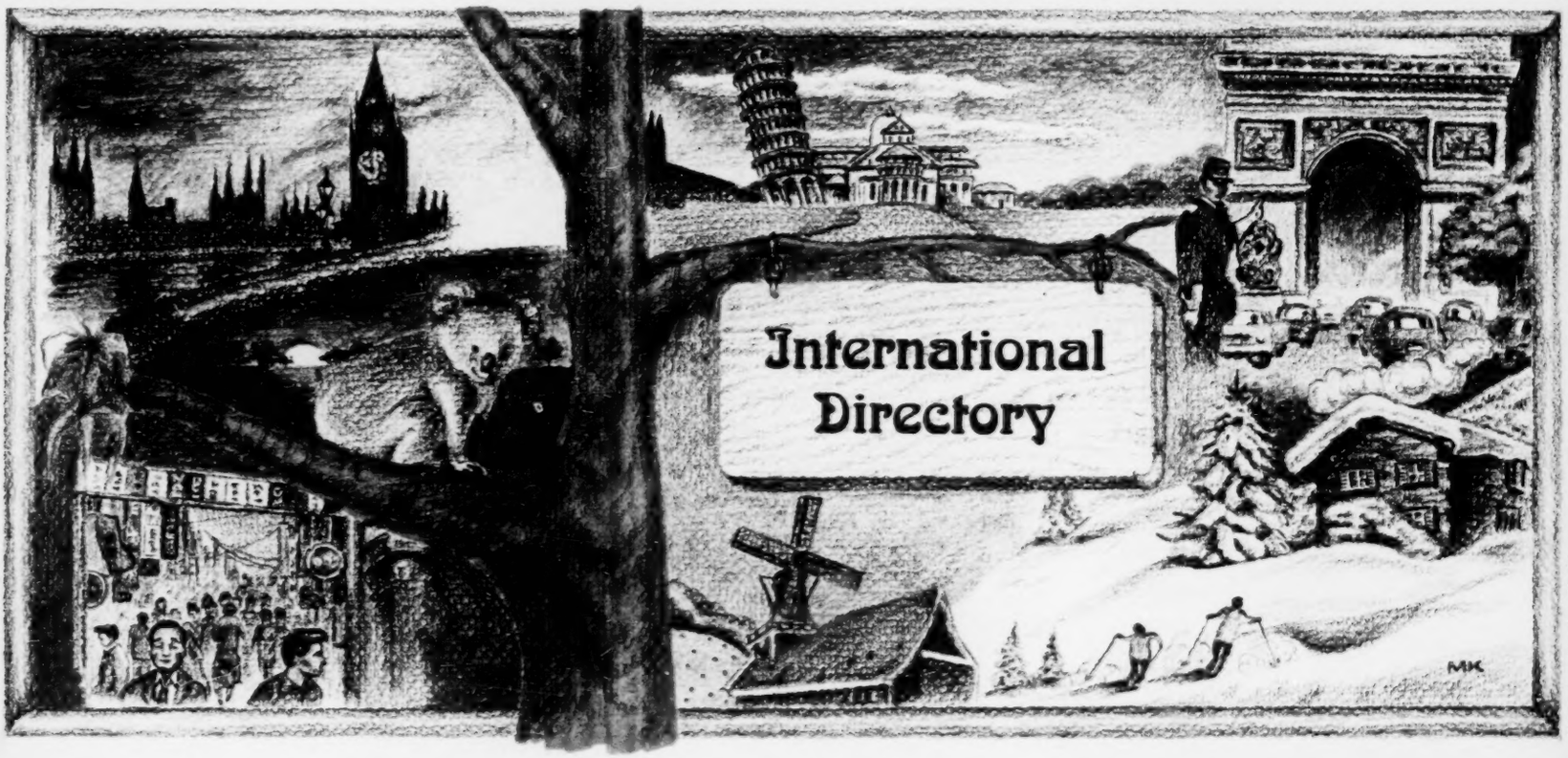

Illustration by Mary Kaskie

Overseas assets rise to $32.6 billion

NEW YORK — Extraordinarily strong overseas stock market performance during the past 12 months was in part responsible for the dramatic increase in overall U.S. pension fund assets invested internationally, according to *Pensions & Investment Age*'s 1986 survey of international and global money managers.

U.S. tax-exempt assets invested abroad rose a stellar 105% during the year ended March 31.

Seventy-seven international investment advisers reported investing $32.6 billion abroad for U.S. tax-exempt clients as of March 31, in comparison with $15.9 billion reported for the year ended March 31, 1985. (The figures exclude assets invested in the United States for global accounts.)

Of this, $27 billion was invested in non-U.S. stocks, $4.3 billion in foreign bond markets and $1.3 billion was in overseas cash equivalents.

Much of the spectacular growth in assets was due to market growth: The Morgan Stanley Europe Australia Far East index was up 85.1% for the year ended March 31. But approximately $3.3 billion, or 19.8% of the total increase in overseas assets, came from the addition of new assets to managers.

The gradual weakening of the U.S. dollar against other currencies also was a culprit in this dramatic increase in assets.

The dollar declined 31.2% against a basket of worldwide currencies weighted by the market capitalization of the EAFE.

It declined 12.6% against the same basket of currencies weighted by the market capitalization of the Morgan Stanley Capital International World index, according to Wendy Beasley, U.S. marketing manager for The World Markets Co. Inc., New York, formerly Wood Mackenzie Computer Services.

"This helped to boost international returns considerably over the year," she said.

The Top 20 international managers saw their U.S. tax-exempt assets invested overseas under management skyrocket 113.5% from their balances of a year earlier.

Assets managed by the Top 20 managers accounted for $26.9 billion of the total, compared to $12.6 billion the year before.

Such a healthy increase in assets for the Top 20 managers sets the tone for the 180-degree turn that has taken place in growth of international investment.

The 1984-'85 survey for overseas investment revealed only a 9% increase in total tax-exempt assets overseas, to $15.9 billion as of March 31, 1985, from $14.6 billion as of Dec. 31, 1983.

Assets under management in international accounts (those invested in non-U.S. markets only) and those in global accounts (those including U.S. markets) more than doubled during the past year, according to the survey.

Roughly $28 billion was invested for U.S. tax-exempt clients in international accounts, compared with $13.2 billion a year earlier.

A bigger surprise, is the increase in popularity of global investment as a style. Managers reported investing $4.5 billion for U.S. tax-exempt clients in global accounts as of March 31, compared with about $2.8 billion a year before.

It should be noted the sum of tax-exempt assets in international accounts and those in global accounts does not equal the total of tax-exempt assets invested overseas. This is because global assets reported did not include assets that were invested in U.S. stocks.

Of the international accounts, the five most heavily weighted equity markets were: Japan, with an average equity weighting of 36.5% in portfolios; the United Kingdom, 12.5%; Germany, 12%; the Netherlands, 9.8%; and France, 8.6%.

Other overseas equity markets that drew international portfolio managers were: Spain, with an average equity weighting of 8.6%; Switzerland, with 8.5%; Belgium, 8%; Italy, 7.8%; and Canada, 7.5%

Of the assets invested globally, the five most heavily weighted equity markets were: the United States, with an average equity weighting of 29.4% in portfolios; Japan, with 21.9%; the United Kingdom, 11.1%; Italy, 8.3%; and Belgium, 8%.

Other markets that were attractive to global portfolio managers were: Germany, with an average equity weighting of 7.5%; Spain, 7.5%; France, 6.6%; and Australia, 6.5%.

Assets in commingled accounts totaled $7.5 billion for the year. That is less than double the $4.2 billion total asset allocated the year before. ■

Plans expand checklist for global custodians

Pension fund executives are asking more of their global custodians these days — better timeliness of reporting, better work in tax reclamation and better policing of accounts.

That certainly is the case at the National Rural Electric Co-Operative, Washington, with $1.6 billion in pension assets.

About 1½ years ago, the NREC moved its $150 million in global custody to State Street Bank and Trust Co., Boston, because "they seemed to have a better handle on the audit trail . . . You really need someone on top of reports to make sure there's some follow-up on things like dividends in different countries and taxation, which should be recouped in a timely fashion," said Peter R. Morris, manager-investments.

Douglas Kelly, director of pension investments at American Can Co., Greenwich, Conn., agreed.

"We look for accuracy in Kelly explained. "Also, we look for timeliness of the reporting, which can be an issue in global custody, and recovery of withholding taxes, which can also be assumed by many global custodians and which are a big item for many plan sponsors."

American Can's $1.1 billion pension fund has about $80 million in assets now held in global custody by Bankers Trust Co., New York.

June Debatin, president of Debatin Associates, Atlanta, an international consultant, said, "The custodian should be good on tax reclamation, and in general should be knowledgeable on other markets and how they differ from our own.

"I don't think that today, there is any great advantage in having someone physically located in London, or New York or Boston. Mellon Bank is a good example. They have their global custody their high level of systems, they are in Pittsburgh."

State Street, Bankers Trust and Mellon are among the five top-tier banks in global custody.

The others are Chase Manhattan Bank, New York, and Northern Trust Co., Chicago.

Although an accurate number of how much in U.S. tax-exempt assets is placed with global custodians is not available, *Pensions & Investment Age* estimates the amount at $50 billion.

Using that figure, Chase is the industry leader with $35 billion as of June 30.

It was just hired by the $4.1 billion Tennessee Consolidated Retirement System as the fund's first global custodian. Officials at the fund would not comment.

In addition, IBM Corp., Stamford, Conn., and another major fund in Stamford, boosted global custody assets with Chase.

IBM officials would not comment.

The new hiring and additional allocations would increase Chase's total to roughly $36 billion.

State Street ranks second among the top five, with $9 billion in U.S. assets in global custody, as of June 30. State Street also markets its custodial services to European companies and has roughly $3 billion in global custody from that marketplace.

Northern Trust is third, with roughly $4.3 billion, and Bankers Trust is fourth, with roughly $2.5 billion.

Mellon officials would not release an amount.

While there are many other banks that provide global custody, most subcontract for services through the first-tier banks, according to industry participants.

"If you go through vendors, you find there aren't too many with other master trustee says they have the capability to do this but most don't; instead they farm it out to subcustodians.

"At the time we hired (State Street), Wachovia Bank & Trust Co. (Winston-Salem, N.C.), was master trustee for our entire pension account. We pulled the international from them because they didn't have enough people or resources to monitor Chase, who was their subcustodian at the time."

Ms. Debatin also raised the question of resources among the lower-tier banks, noting that while the piggybacking of services "isn't bad, it might mean higher fees and less responsiveness for the sponsor, and we always watch out for that."

All banks, whether they are first- or second-tier players, offer to handle international portfolios of their master trustee clients, explained Robert Kay, vice presi-

The information contained in the profiles and charts of international investment managers was compiled from questionnaires sent to the firms. The contents are ©1986 by Crain Communications Inc. Reproduction without permission is prohibited.

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ABD International Management Corp.

10 E. 53rd St., New York, N.Y. 10022; (212) 319-5020

Total assets managed	$1,500,000,000
Tax-exempt assets managed:	
Total	$1,300,000,000
Invested overseas	$1,300,000,000

ABD International Management Corp., a subsidiary of Dresdner Bank AG Frankfurt and Hypo-Bank AG Munich, managed $1.3 billion in international accounts for 12 U.S. tax-exempt clients as of March 31.

Of the $1.3 billion, $1.227 billion was invested in foreign stocks, $23.4 million in foreign bonds and $49.4 million in cash equivalents.

The equity assets were committed most heavily in Japan, 45%; the United Kingdom, 13%; Germany, 10%; the Netherlands, 5%; and France, 5%.

It also managed $226 million for non-U.S. pension funds.

ABD International's approach to investment management emphasizes an active approach to currencies and stock selection based on industry rotation worldwide and within markets. The currency decision is considered separately from asset allocation and security selection decisions.

Minimum account size for individual management is $15 million.

Analysts or portfolio managers are in Frankfurt, West Germany; New York; Tokyo; Hong Kong; and Singapore.

Net gain for the year ended March 31 was $115 million, all in foreign stocks.

The firm has non-U.S. currency hedging capability, and has been registered with the SEC since 1980.

Assets under management by the parent company and its subsidiaries total $18 billion.

Client contact is Jill B. Jordon.

Aetna MIM Asset Management Ltd.

151 Farmington Ave., YCC1, Hartford, Conn. 06156; (203) 275-3710

Total assets managed	$235,000,000
Tax-exempt assets managed:	
Total	$150,000,000
Invested overseas	$150,000,000

Aetna MIM Asset Management Ltd., a subsidiary of Aetna Life and Casualty Co., managed $150 million in international accounts for 74 U.S. tax-exempt clients as of March 31.

Of that, $145 million was in foreign stocks and $5 million in cash equivalents. All the assets are in a commingled account.

The international equity assets were most heavily committed to Japan, 49.3%; the United Kingdom, 13.5%; Germany, 8%; Italy, 6.3%; and Switzerland, 5.4%.

Aetna MIM's investment philosophy emphasizes maximizing total return through a diversified international or global portfolio, using predetermined risk parameters. An active global and U.S.-driven approach is pursued, including a close study of worldwide economic and monetary trends and a quantitative analysis of individual securities that provides a worldwide comprehensive evaluation of international companies' and markets' relative worth. Aetna MIM adopts a domestic investment strategy that results in the use of a wider range of low p/e, value stocks than that employed by a purely international investor.

The minimum fee is $42,500.

Analysts or portfolio managers are Hartford.

In the year ended March 31, there was a net loss of $32 million.

The firm has non-U.S. currency hedging capability and has been registered with the SEC since 1983.

Total assets under management by the parent and subsidiaries were $32 billion as of March 31.

Client contact is Christian W. Thwaites, assistant vice president.

AIG Global Investors Inc.

World Financial Center, 200 Liberty St., New York, N.Y. 10281; (212) 266-0400

Total assets managed	$4,000,000,000

AIG Global Investors Inc., a new subsidiary of American International Group, had $4 billion in assets, none tax-exempt, under management as of March 31.

The investment philosophy is global growth, including analyses of population, demographics, national wealth, industrial capacity and production. Country reviews with an investment time horizon of 24 months are conducted to concentrate investments in highly liquid world-class companies that have achieved above-average growth due to a national advantage for an extended period. The base currency is in dollars; currencies are not traded in the short run.

Minimum account size for individual management is $10 million.

The firm is registered with the SEC.

Client contact is Richard J. Hoffman, president, (212) 770-5958 until Sept. 1; after that, (212) 266-0400.

Alexander, Scriver & Associates Inc.

1099 18th St., Suite 2810, Denver, Colo. 80202; (303) 298-1858

Total assets managed	$141,000,000
Tax-exempt assets managed:	
Total	$46,000,000
Invested overseas	$12,000,000

Alexander, Scriver & Associates Inc., a subsidiary of Chemical New York Corp., New York, managed $45.6 million for U.S. tax-exempt clients as of March 31.

The firm invested $11.6 million overseas for one U.S. tax-exempt client as of that date. Of that, $5.89 million was in foreign stocks and $5.71 million in cash equivalents.

The equity assets of the international account were invested most heavily in Japan, 32.7%; Singapore, 4.9%; Hong Kong, 4.8%; Sweden, 4.6%; and Australia, 1.5%.

The firm also managed $33.1 million for foreign pension funds.

Alexander, Scriver & Associates Inc. uses proprietary models to determine country allocation. Then, standardized price and fundamental valuation models are used to identify undervalued securities on a global basis.

Minimum account size for individual management is $1 million.

Analysts or portfolio managers are in London.

The firm has foreign currency hedging capability, and has been registered with the SEC since 1978.

Total assets under management by the parent company and subsidiaries were $13 billion, as of March 31.

The client contact is Gerald H. Scriver, president.

Alliance Capital Management International Inc.

43 Upper Grosvenor St., London, W1X 9PG, England; 011-441-493-9606

Total assets managed	$930,000,000
Tax-exempt assets managed:	
Total	$252,000,000
Invested overseas	$247,000,000

Alliance Capital Management International Inc., a subsidiary of Alliance Capital Management Corp., managed $247 million in non-U.S. markets for 36 U.S. tax-exempt clients, 30 of whom invested in the Alliance Inter Fund.

Of that, $240 million was in foreign stocks and $7 million in tax equivalents.

international accounts, the equity assets of which were committed most heavily to Japan, 28.4%; Germany, 15.6%; the Netherlands, 19.4%; Switzerland, 10.3%; and the United Kingdom, 4.3%.

It also managed $11 million in global accounts, the equity assets of which were committed most heavily to the United States, 42.1%; Japan, 23.4%; Germany, 5.4%; the Netherlands, 8.4%; and Switzerland, 4.2%.

Of the total assets under management, $352 million was for non-U.S. pension funds.

Of the U.S. tax-exempt assets invested abroad, $145 million was in mutual funds.

Alliance takes an active value-added approach with an equity focus. The managers believe they can gain superior returns by applying research for the early recognition of fundamental change. This will lead to the identification of investment opportunity: undervalued markets; undervalued currencies; undervalued industries/economic sectors; and uniquely attractive securities.

Analysts or portfolio managers are in New York and London.

Minimum account size for individual management is $10 million.

Net gain in U.S. tax-exempt international business for the year ended March 31 was $65 million, all of which was in foreign stock.

The firm has non-U.S. currency hedging capability, and has been registered with the SEC since 1971.

Total assets under management by the parent company and its subsidiaries was $26.38 billion as of March 31.

Client contacts are Clinton J. Kendrick, chairman, Alliance Capital Management International, New York, (212) 969-1030; and H. Michael Bean, vice president, Alliance Capital Management Corp., Minneapolis, (612) 332-1544.

American Express Asset Management

30 Monument St., London, EC3R 8LH, England; 011-441-626-9131

Total assets managed	$1,001,000,000
Tax-exempt assets managed:	
Total	$116,000,000
Invested overseas	$108,000,000

American Express Asset Management, a subsidiary of American Express, managed $116 million in U.S. tax-exempt assets as of March 31. Of that, $108 million was invested in non-U.S. markets for three clients.

It managed $67.4 million in international accounts, the equity assets of which were committed most heavily in Japan, 18%; Germany, 16%; the United Kingdom, 15%; Switzerland, 10%; and France, 6%.

It managed $48.6 million in global accounts, the equity assets of which were committed most heavily in the United States, 19%; Japan, 18%; Germany, 12%; the United Kingdom, 11%; and Switzerland, 8%.

Of the total assets managed, $25 million was for foreign pension funds.

Of the U.S. assets invested abroad, $330 million was in mutual funds.

American Express Asset Management identifies "investment themes" and selects attractively valued stocks that will benefit from these themes. Equity selection is a bottom-up process using internally generated valuation screens. The result is concentrated, non-core portfolios.

Minimum account size for individual management is $15 million.

Net gain in U.S. institutional tax-exempt international business for the year ended March 31 was $80 million — $70 million in foreign stocks and $10 million in foreign bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1984.

The client contact is Susan Leader in New York at (212) 415-0802.

Pensions & Investment Age's annual institutional brokerage survey is scheduled to appear in the Sept. 29 issue.

International managers ranked by U.S. tax-exempt assets under management for international accounts

	Name	$ mils.
1.	J.P. Morgan Investment Mgmt.	3,673
2.	Capital Guardian Trust Co.	1,992
3.	Fidelity International	1,900
4.	First Chicago Investment	1,846
5.	Morgan Grenfell Investment	1,590
6.	State Street Bank and Trust Co.	1,574
7.	Grantham, Mayo, Van Otterloo	1,561
8.	Rowe Price-Fleming	1,545
9.	ABD International Mgmt.	1,300
10.	Baring International	969
11.	G.T. Capital Mgmt. Inc.	863
12.	Schroder Capital Mgmt.[4]	859
13.	N.M. Rothschild International	654
14.	BA Investment Mgmt.	594
15.	Putnam International Advisors	588
16.	Mellon-Pictet International	531
17.	Bessemer Trust Co.	507
18.	Nomura Capital Mgmt.	494
19.	PCM International	427
20.	Citicorp Investment Mgmt.	419
21.	Daiwa International Capital	390
22.	Warburg Investment Mgmt.[3]	326
23.	Chase Investors Mgmt.	315
24.	Kleinwort Benson International	252
25.	Arnhold & S. Bleichroeder	230
26.	IDS International Inc.	218
27.	Brown Brothers Harriman	178
28.	Kemper-Murray Johnstone	178
29.	Lombard Odier International	176
30.	Capital Mgmt. International	175
31.	Frank Russell Trust Co.[3]	173
32.	Aetna MIM Asset Mgmt. Ltd	150
33.	Julius Baer Investment Mgmt.	124
34.	Scudder, Stevens & Clark	122
35.	Favia Hill & Associates	102
36.	Wellington Mgmt. Co.	102
37.	Batterymarch Financial[4]	101
38.	BEA Associates Inc.	98
39.	BT Investment Mgmt.	98
40.	Martin Currie Inc.	85
41.	Ivory & Sime International	75
42.	PM Portfolio Mgmt.	71
43.	American Express Asset Mgt.	67
44.	Glenmede Trust Co.	50
45.	Fiduciary Trust Co. of N.Y.[1]	45
46.	SBC Portfolio Mgmt.	43
47.	Nikko & Associates Inc.	42
48.	County Investment Mgmt. Ltd.	26
49.	Capital Research & Mgmt.	25
50.	RepublicBank Dallas	23
51.	Wardley Marine International	22
52.	Foreign and Colonial Asset	20
53.	Provident Capital Mgmt.	20
54.	Edinburgh-Wilmington	17
55.	Alexander, Scriver & Associates	12
56.	Barclays De Zoete Wedd	8
57.	Equitable Life Assurance	8
58.	HT Investors Inc.	8
59.	Alliance Capital	2
60.	Baillie Gifford (Overseas)	2
61.	AIG Global Investors Inc.	0
62.	European & Pacific Investment	0
63.	Henderson International Inc.	0
64.	Thomas J. Herzfeld Advisors	0
65.	Kangyo Kakumaru Capital Mgmt.	0
66.	Merrill Lynch Asset Mgmt.	0
67.	NCNB National Bank	0
68.	New Japan Capital Mgmt.	0
69.	Newport Pacific Mgmt.	0
70.	Northern Trust Co.	0
71.	Simms Capital Mgmt.	0
72.	Templeton International	0
73.	Touche Remnant Pension Mgmt.	0
74.	Travelers Asset Mgmt.	0
75.	Van Eck Investments	0
76.	Wells Fargo Investment Advisors	0
77.	Wertheim Philippe	0
	TOTAL	**28,065**

[1] data as of Dec. 31, 1985
[2] includes Peoples National Bank of Washington
[3] includes C&S Investment Advisors Inc.
[4] includes TheVanguard Group

b

International Ltd.

P.O. Box 262, 1 Watling St., London EC4P 4BX; 011-441-634-4000

Total assets managed	$1,133,000,000
Tax-exempt assets managed:	
Total	$598,000,000
Invested overseas	$594,000,000

national Ltd., a subsidiary of BA Investment Management Corp., managed $593.7 million overseas for five U.S. tax-exempt clients as of March 31. Of that, $65.4 million was in foreign stock and $528.3 million in foreign bonds.

The equity assets of the international accounts were committed most heavily to France, 22%; the United Kingdom, 29%; the Netherlands, 10%; Japan, 10%; and Spain, 9%.

The firm manages global accounts for non-U.S., tax-exempt clients, the equity assets of which were committed most heavily to the United States, 29%; France, 20%; the United Kingdom, 16%; the Netherlands, 12%; and Spain, 10%.

Of the U.S. tax-exempt assets invested abroad, $100.8 million was in commingled accounts.

Of the total assets under management, $71 million was for non-U.S. pension funds.

BA Investment Management's investment philosophy follows three steps. Objectives and risk/return parameters are mutually agreed upon. Active, discretionary management with a top-down disciplined team approach is practiced. Consensus expectations, reflected in market valuations, are assessed and compared to in-house analysis, with prospective risk/return profiles developed from alternative scenarios. Global strategy uses common assumptions for fixed and equity that are collectively agreed upon and implemented. Sector and market currency decisions are assessed separately.

Minimum account size for individual management is $5 million.

Net gain for the year ended March 31 was $244.8 million, $7.1 million for foreign stock and $237.7 million for foreign bonds.

The firm has foreign currency hedging capability; it has been registered with the SEC since 1985.

Total assets under management by the parent company and its subsidiaries were $13.2 billion as of March 31.

Client contacts are Francois Dennery at (212) 503-7628 or David Mark and Joy Harper in London at 634-4664 or 634-4688.

Julius Baer Investment Management Inc.

330 Madison Ave., New York, N.Y. 10017; (212) 949-9055

Total assets managed	$190,000,000
Tax-exempt assets managed:	
Total	$143,000,000
Invested overseas	$134,000,000

Julius Baer Investment Management Inc., a subsidiary of Bank Julius Baer & Co. Ltd., Zurich, Switzerland, managed $134 million in overseas accounts for six U.S. tax-exempt clients as of March 31. Of that, $13.4 million was in stocks and $120.6 million in bonds.

As of March 31, the firm had $124 million in international accounts, the equity assets of which were committed most heavily in Japan, 40%; the United Kingdom, 10%; Germany, 20%; Switzerland, 15%; the Netherlands, 5%; and France, 5%

It also had $19 million invested in global accounts, all in bonds.

Julius Baer Investment Management's approach emphasizes very active currency allocation; strong, stable countries; high-quality securities; and an average maturity of three to seven years.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are in London and Zurich.

The firm had a net gain in U.S. institutional tax-exempt international business for the year ended March 31 of $93 million: $17 million for stock and $76 million for bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1983.

The parent company and its subsidiaries managed a total of $7 billion as of March 31.

Client contact is Jay A. Dirnberger.

Baillie Gifford (Overseas)

2 Glenfinlas St., Edinburgh, Scotland EH3 6YY; 011-44-31-225-2581

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$100,000,000
Invested overseas	$100,000,000

Baillie Gifford (Overseas), a subsidiary of Baillie Gifford & Co., managed $100 million in international accounts for two tax-exempt U.S. clients. Of that, $95 million was in foreign stocks and $5 million in cash equivalents.

The equity assets were committed most heavily in Japan, 38%; France, 15%, Germany, 14%; the United Kingdom, 13%; and Switzerland, 7%.

The investment approach seeks growth through fundamentally based asset allocation (top down) and stock selection (bottom up).

Minimum account size for separate management is $10 million.

In the year ended March 31, the firm had a net gain in U.S. institutional tax-exempt international business of $55 million, all in foreign stock.

Baillie Gifford has non-U.S. currency hedging capacity, and has been registered with the SEC since 1983.

Assets under management by the parent and subsidiaries as of March 31 totaled $2 billion.

Client contact is Robin Menzies.

Barclays De Zoete Wedd Investment Management

Juxon House, 9.3 St. Paul's Churchyard, London, England; 011-441-248-9155

Total assets managed	$10,200,000,000
Tax-exempt assets managed:	
Total	$80,000,000
Invested overseas	$8,000,000

Barclays De Zoete Wedd Investment Management Ltd., a subsidiary of Barclays PLC, manages $80 million for U.S. tax-exempt clients. Of that, $8 million is invested in foreign stocks for one client.

The equity portion of the $8 million international account was most heavily committed to Japan, 30%; Germany, 20%; the United Kingdom, 20%; France, 15%; and Hong Kong, 5%.

The firm's equity portion of the $72 million in global accounts were most heavily committed to the United States, 90%; Japan, 3%; Germany, 2%; the United Kingdom, 2%; and France, 1.5%.

It also managed $6.9 billion for foreign pension funds as of March 31.

The minimum account size for individual management is $10 million.

The firm follows a global quantitative risk-adjusted strategy employing active asset allocation and passive stock management.

It has foreign currency hedging ability and is registered with the SEC.

Assets of the parent and subsidiaries totaled more than $12 billion as of March 31.

The client contact is Donald Brydon.

Baring International Investment Ltd.

9 Bishopsgate, London, England EC2N 3AQ,; 011-441-623-5264

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$969,000,000
Invested overseas	$969,000,000

Baring International Investment Ltd., a subsidiary of Baring International Investment Management Ltd., managed $969 million in international accounts for 12 tax-exempt U.S. clients as of March 31. Of that, $763 million was in stocks and $206 million in bonds.

The equity assets were committed most heavily in Japan, 45%; the United Kingdom, 11%; France, 11%; Germany, 10%; and Switzerland, 7%.

Baring takes an active investment approach, using a top-down perspective to select and weight asset classes and markets. Regional specialists pick stocks based on company fundamentals. They are primarily equity managers, but may purchase short-dated bonds or use cash to enhance returns, and will hedge to protect asset value.

The minimum annual fee is $70,000.

Analysts or portfolio managers are in London, Hong Kong, Tokyo and Seoul, Korea.

There was a net gain of $181 million in U.S. institutional tax-exempt international business. Of that, $6 million was in stocks and $175 million in bonds.

Baring has foreign currency hedging capability and has been registered with the SEC since 1980.

Total assets under management by the parent company and subsidiaries were $13.5 billion as of March 31.

The client contact is John F. McNamara at (617) 357-9074.

Batterymarch Financial Management

600 Atlantic Ave., Boston, Mass. 02114; (617) 973-9300

Total assets managed	$10,984,000,000
Tax-exempt assets managed:	
Total	$9,935,000,000
Invested overseas	$1,008,000,000

Batterymarch Financial Management managed $1.008 billion in overseas markets for 25 U.S. tax-exempt clients as of March 31. Of that, $977.8 million was invested in foreign stocks and $30.2 million in cash equivalents.

The equity assets of the $993 million in international accounts were most heavily committed to Japan, 20%; Australia, 17%; the United Kingdom, 17%; Canada, 10%; and Hong Kong, 8%.

Of the total assets under management, $41 million was for non-U.S. pension funds.

Of the assets invested abroad, $640 million was in mutual funds.

Batterymarch's investment approach is to search for undervalued foreign markets, currencies and stocks. Thirty worldwide brokers are linked to an automated trading system to provide liquidity and cost savings. Batterymarch avoids popular currencies, markets and stocks. The firm forsakes such conventional practices as currency and earnings forecasting.

Minimum account size for individual management is $10 million.

Net gain in U.S. institutional tax-exempt business for the year ended March 31 was $181 million, all in foreign stock.

The firm has non-U.S. currency hedging capability. It has been registered with the SEC since 1969.

The client contact is Alan J. Strassman, trustee.

BEA Associates Inc.

1 Citicorp Center, 153 E. 53rd St., New York, N.Y. 10022; (212) 832-2626

Total assets managed	$6,063,000,000
Tax-exempt assets managed:	
Total	$5,773,000,000
Invested overseas	$98,000,000

BEA Associates manages $5.77 million for U.S. tax-exempt clients, of which $98 million was invested in international equity accounts for three clients as of March 31.

The equity assets were committed most heavily to Japan, 20%; the United Kingdom, 15%; Norway, 11%; Sweden, 9%; and Italy, 9%.

Minimum account size for individual management is $5 million.

The managers are value-oriented, taking a bottom-up approach to stock selection.

The firm has foreign currency hedging capability, and is registered with the SEC.

The client contact is Albert Zesiger.

Bessemer Trust Co.

630 Fifth Ave., New York, N.Y. 10111; (212) 708-9140

Total assets managed	$4,900,000,000
Tax-exempt assets managed:	
Total	$507,000,000
Invested overseas	$101,000,000

Bessemer Trust Co., a subsidiary of The Bessemer Group, had $507 million under management for U.S. institutional tax-exempt clients as of March 31.

Of that, $101 million was invested in international accounts for 13 clients, $95 million in foreign stocks, $3 million in foreign bonds and $3 million in cash equivalents.

The equity assets of the international accounts were most heavily committed to Japan, 38%; Italy, 11%; Germany, 11%; France, 10%; and the United Kingdom, 9%.

It also managed $93 million for non-U.S. pension funds.

Bessemer Trust seeks long-term growth of capital through investment principally in a diversified portfolio of international companies traded in foreign equity markets. Equity investments will be concentrated in those countries exhibiting superior economic growth, a positive currency environment and low market valuations relative to local fixed-income securities and other world equity markets.

The minimum account size for individual management is $3 million.

Bessemer has analysts or portfolio managers in New York and London.

In the year ended March 31, it reported a $73.3 million net gain: $69.6 million for stocks and $3.7 million for bonds. It has foreign currency hedging ability.

The parent and subsidiaries had total assets of $4.9 billion under management as of March 31.

The client contact is Robert C. Elliott.

Arnhold & S. Bleichroeder International

45 Broadway, New York, N.Y. 10006; (212) 943-9200

Total assets managed	$230,000,000
Tax-exempt assets managed:	
Total	$230,000,000
Invested overseas	$230,000,000

Arnhold & S. Bleichroeder International, a subsidiary of Arnhold & S. Bleichroeder Inc., managed $230 million in international accounts for six tax-exempt U.S. clients March 31. Of that, $207 million was in foreign stocks and $23 million in cash equivalents.

The equity assets were committed most heavily to Italy, Australia, France, the United Kingdom and Germany, with about 14.5% committed to each.

Net gain as of March 31 in U.S. institutional tax-exempt international business was $223 million, all of which was for non-U.S. stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1946.

Total assets under management by the parent company and subsidiaries was $900 million March 31.

The client contact is Frederic C. Reynolds, vice president.

Brown Brothers Harriman

59 Wall St., New York, N.Y. 10005; (212) 483-1818

Total assets managed	$10,300,000,000
Tax-exempt assets managed:	
Total	$5,600,000,000
Invested overseas	$178,000,000

As of March 31, Brown Brothers Harriman & Co. managed $5.6 billion for U.S. tax-exempt clients, of which $178 million was invested in international accounts for eight clients. Of the amount in foreign markets, $157 million was in stocks and $21 million in bonds.

The equity assets were committed most heavily to Japan, 38%; the United Kingdom, 15%; Germany, 11%; Italy, 7%; and Switzerland, 6%.

Brown Brothers Harriman prefers to invest in countries whose growth rates will exceed that of the United States and whose policies are pro-investment. The bank seeks marketability, hedges currency risk when appropriate and manages reserves aggressively.

Minimum account size for individual management is $5 million.

It has analysts or portfolio managers in New York, London and Tokyo.

Net gain in U.S. institutional tax-exempt international business was $7 million: $6.2 million was for foreign stock and $800,000 for foreign bonds.

The bank has foreign currency hedging capability.

Total assets under management by the parent and subsidiaries as of March 31 was $10.3 billion.

The client contact is Frank J. Keeler, manager.

BT Investment Management

69 Old Broad St., London, England EC2 P2EE; 011-441-726-4141

Total assets managed	$1,097,000,000
Tax-exempt assets managed:	
Total	$98,000,000
Invested overseas	$98,000,000

BT Investment Management, a subsidiary of Bankers Trust — Investment Management Group, had $97.9 million under management for 12 U.S. tax-exempt clients, all of it in international accounts.

Of that total, $97.3 million was invested in foreign stocks and $600,000 was invested in cash equivalents.

The equity assets of the international accounts were most committed to Japan, 48%; the United Kingdom, 12%; Germany, 8%; Switzerland, 7%; and Italy, 6%. All of the assets invested abroad were in commingled accounts.

It also had $999.1 million in foreign pension fund assets under management.

Investment Management offers hedged currency management, global reserve management, active fixed-income, index fund and balanced fund management. The firm relies on portfolio managers based in major investment centers and on information gathered by Bankers Trust's worldwide information network.

The minimum account size for individual management is $7.5 million.

Analysts or portfolio managers are in London, Tokyo, New York, Zurich, Switzerland and Sydney, Australia.

In the year ended March 31, the firm reported a $3 million net gain, all in foreign stock.

It has foreign currency hedging capability and has been registered with the SEC since 1982.

The parent company and subsidiaries had $44 billion total assets under management March 31.

Client contact for the firm is Vik Maharaj.

Capital Guardian Trust Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$14,346,000,000
Tax-exempt assets managed:	
Total	$14,197,000,000
Invested overseas	$2,156,000,000

Capital Guardian Trust Co., a subsidiary of The Capital Group Inc., managed $14.2 billion in U.S. tax-exempt assets March 31, of which $2.16 billion was invested overseas for 23 clients. Of the amount invested overseas, $1.84 billion was invested in stocks, $78 million in bonds and $235 million in cash equivalents.

It had $1.99 billion in international accounts, the equity assets of which were committed most heavily in Japan, 35%; Germany, 15.5%; the United Kingdom, 6.1%; Australia, 5.7%; and France, 4.9%.

Capital Guardian had $291 million invested globally, the equity assets of which were committed most heavily to the United States, 33.7%; Japan, 18.3%; Germany, 13.1%; Australia, 5.6%; and the United Kingdom, 4.3%.

Of the U.S. tax-exempt assets invested abroad, $536 million was in commingled accounts.

Capital Guardian uses a fundamental value-oriented approach based on thorough, detailed research supported by direct management contacts. An additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities.

The minimum account for individual management is $10 million.

Analysts or portfolio managers are in Los Angeles, San Francisco, New York, Washington, London, Tokyo, Hong Kong and Geneva, Switzerland.

In the year ended March 31, Capital Guardian had a net gain in U.S. institu-

tional tax-exempt business for international and global accounts of $152 million, all in foreign stocks.

It has foreign currency hedging capability.

Total assets under management by the parent and subsidiaries March 31 was $29.13 billion.

The client contact is John H. Seiter, senior vice president, at (213) 486-9436.

Capital Management International GmbH of Deutsche Bank

9 W. 57th St., Suite 4270, New York, N.Y. 10019; (212) 832-1630

Total assets managed	$1,651,000,000
Tax-exempt assets managed:	
Total	$175,000,000
Invested overseas	$175,000,000

Capital Management International GmbH, a subsidiary of Deutsche Bank, had $175 million invested in an international account for one U.S. tax-exempt client as of May 31. Of that, $170 million was in foreign stocks, and $5 million in cash equivalents.

The equity assets of the international account were committed most heavily to Germany, 26.5%; Japan, 20.2%; Italy, 13%; France, 10.7%; and Switzerland, 8.6%.

The firm also manages $1.7 million in non-U.S. pension funds.

Within the concept of a top-down investment approach, the company uses active country rotation. The country/currency selection is fundamentally based and sets the stage for industry selection on a global basis. The stock selection process is value-oriented, emphasizing large-cap stocks reflecting low p/e ratios, financial strength and sustainable earnings growth.

For fixed income, the company uses interest rate forecasting based on fundamental economic analysis.

Minimum account size for individual management is $1 million.

Analysts or portfolio managers are in Frankfurt, West Germany.

The firm had a net gain of $30 million in the year ended May 31, all in foreign stock.

It has non-U.S. currency hedging capability, and has been registered with the SEC since 1983.

The parent company and its subsidiaries had total assets of $25 billion under management May 31.

The client contact is Michael Tintelnot.

Capital Research & Management Co.

333 S. Hope St., Los Angeles, Calif. 90071; (213) 486-9200

Total assets managed	$13,170,000,000
Tax-exempt assets managed:	
Total	$2,800,000,000
Invested overseas	$120,000,000

Capital Research & Management Co., a subsidiary of The Capital Group Inc., had $2.8 billion under management for U.S. tax-exempt clients March 31, of which $120 million was invested in non-U.S. markets.

Of the assets invested abroad, $114.84 million was in stocks, $4.92 million in bonds and $249,000 in cash equivalents. All are in mutual funds.

The equity assets of the $25 million in international accounts were committed most heavily to Japan, 18.1%; West Germany, 14.2%; the United Kingdom, 14.1%; Hong Kong, 6.7%; and Australia, 6%.

Capital Research and Management had $80 million in global accounts March 31. The equity assets for these accounts were committed most heavily to the United States, 35.3%; Japan, 13.8%; West Germany, 12.4%; the United Kingdom, 6.7%; and Australia, 4%.

The firm uses a fundamental value-oriented approach based on thorough, detailed research supported by direct management contacts. An additional focus is provided by portfolio managers and analysts with country or area economic, political and social overview responsibilities. International analysts are based in all offices with overall strategy coordinated daily through the Los Angeles office.

Analysts or portfolio managers are in Los Angeles, San Francisco, New York, Washington, London, Tokyo, Hong Kong and Geneva, Switzerland.

The firm has foreign currency hedging capability, and has been registered with the SEC since 1932.

Total assets of the parent and subsidiaries were $29.25 billion March 31.

The client contact is Ben Shattuck, senior vice president, institutional investment services division, American Funds Distributors Inc., (213) 486-9617.

Chase Investors Management Corp.

1211 Avenue of the Americas, New York, N.Y. 10036; (212) 730-3746

Total assets managed	$17,565,000,000
Tax-exempt assets managed:	
Total	$15,020,000,000
Invested overseas	$315,000,000

Chase Investors, a subsidiary of Chase Manhattan Bank, invested $315 million in international markets for 23 U.S. tax-exempt clients as of March 31.

Of that, $264 million was in stocks, $35 million in bonds and $16 million in cash equivalents.

The equity assets were committed most heavily to Japan, 40%; Germany, 15%; the United Kingdom, 13%; Switzerland, 8%; and Italy, 6%.

All of the international assets were in commingled accounts; $48 million was in index funds.

Chase takes a top-down, bottom-up investment approach. Portfolios are diversified with emphasis on individual markets and stock selection, using fundamental economic analysis, active country allocation and moderate cash allocation.

Analysts or portfolio managers are in New York and London.

Minimum account size for individual management is $10 million.

The firm had a net loss of $20 million for the year ended March 31.

It has foreign currency hedging capability, and has been registered with the SEC since 1972.

The client contact is Edward V. Arbaugh, vice president.

Citicorp Investment Management Inc.

Hudson House, 2-10 Tavistock St., London, England WC2E 7PE; 011-441-438-0821

Total assets managed	$10,200,000,000
Tax-exempt assets managed:	
Total	$423,000,000
Invested overseas	$423,000,000

Citicorp Investment Management Inc., a subsidiary of Citicorp Investment Management Inc., had $423 million invested overseas for 91 U.S. tax-exempt clients March 31. Of that, $377 million was in stocks, $42 million in bonds and $4 million in cash equivalents.

The firm had $419 million invested in international accounts for U.S. tax-exempt clients, the equity assets of which were committed most heavily to Japan, 41%; the United Kingdom, 13%; Germany, 9%; Italy, 8%; and France, 8%.

It managed $4 million in global accounts, all non-equity assets.

Of the firm's total assets under management, $82 million was for non-U.S. pension funds.

Of the international investments for U.S. tax-exempt clients, $265 million was in commingled accounts.

Citicorp takes a top-down, bottom-up investment approach. Value is added through active management of markets, currencies and securities selection. It has a value-oriented equity selection bias.

Minimum account size for separate management is $5 million.

Analysts or portfolio managers are in London, Hong Kong and New York.

Citicorp Investment Management Inc. has foreign currency hedging capability.

The parent company and its subsidiaries had total assets of $50 billion under management March 31.

The client contact is B. Hunt Whitbeck Jr., vice president, at (212) 559-2872.

The Mitsubishi Bank of California: A global custodian that speaks with quiet authority.

The trust departments of many of the nation's leading banks rely on the specialized, professional services of MBC's Trust Services Division. In that capacity, MBC performs vital functions in their behalf, including many complex international investment services.

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MBC

THE MITSUBISHI BANK OF CALIFORNIA

E. Gearey Johnstone
Senior VP/Senior Trust Officer
The Mitsubishi Bank of California
800 Wilshire Blvd., Los Angeles, California 90017 (213) 621-1305

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County Investment Management Ltd.

28 Throgmorton St., London, England EC2N 2AN; 011-441-638-6000

Total assets managed	$10,000,000,000
Tax-exempt assets managed:	
Total	$26,000,000
Invested overseas	$26,000,000

County Investment Management Ltd., a subsidiary of NatWest Investment Bank Ltd., managed $26.25 million overseas for two U.S. tax-exempt clients as of March 31. The entire $26.25 million was invested in foreign stocks.

The equity assets of the international accounts were committed most heavily to Japan, 42%; Germany, 26%; Switzerland, 15%; the United Kingdom, 7%; and Singapore, 7%.

County Investment manages $7.5 billion for non-U.S. pension funds.

County Investment Management's investment approach stresses active market allocation, which is implemented through passive stock selection using market representative funds. Quantitative techniques are applied to monitor and control risk.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are in London, Hong Kong, Japan and Melbourne, Australia.

The firm has foreign currency hedging capability, and has been registered with the SEC since 1981.

The client contact is Margaret Waller at (212) 248-0100.

Martin Currie Inc.

29 Charlotte Square, Edinburgh, Scotland EH2 4HA; 011-44-31-225-3811

Total assets managed	$185,000,000
Tax-exempt assets managed:	
Total	$185,000,000
Invested overseas	$165,000,000

Martin Currie Inc., a subsidiary of Martin Currie Ltd., managed a total of $185 million in U.S. tax-exempt assets March 31. Of that, $165 million was invested in non-U.S. markets for four clients; $155 million in stocks and $10 million in cash equivalents.

As of March 31, $85 million was invested in international accounts, the equity assets of which were committed most heavily to Japan, 30%; Germany, 21%; the United Kingdom, 12%; the Netherlands, 11%; and France, 8%.

The remaining $100 million was invested globally, with the equity assets committed most heavily to Japan, 28%; the United States, 20%; Germany, 19%; the United Kingdom, 13%; and the Netherlands, 8%.

The firm has a two-stage investment process: the selection of markets using various screens, particularly a currency screen; and the selection of stocks where other screens are employed, qualitative and quantitative. The two major markets, Japan and the United Kingdom, always feature in portfolios.

Minimum account size for separate management is $10 million.

The firm has foreign currency hedging capability, and has been registered with the SEC since 1978.

Assets under management by Martin Currie Ltd. and its subsidiaries totaled $1.6 billion as of March 31.

The client contact is W.M.C. Kennedy.

d

Daiwa International Capital Management Corp.

1 World Financial Center, New York, N.Y. 10281; (212) 945-0099

Total assets managed	$966,000,000
Tax-exempt assets managed:	
Total	$390,000,000
Invested overseas	$390,000,000

Daiwa International Capital Management Corp., a subsidiary of Daiwa International Capital Management Co. Ltd., Tokyo, managed $390 million in international accounts for eight U.S. tax-exempt clients as of March 31, of which $370 million was invested in foreign stocks and $20 million in cash equivalents.

The equity assets were committed most heavily to Japan, Australia, the United Kingdom, Germany and the Netherlands.

The firm also managed $55 million for foreign pension funds as of March 31.

Daiwa is a research-oriented, active manager, seeking incremental returns from equity investments in the international markets. The stock selection process focuses on a company's long-term growth potential and the relative value of its stock price.

Analysts or portfolio managers are in Tokyo, London and New York.

Minimum account size for individual management is $5 million.

Daiwa has foreign currency hedging capability, and has been registered with the SEC since 1981.

The client contact is Michael J. Bonner, senior vice president.

e

Edinburgh-Wilmington International Capital Management

1100 N. Market St., Wilmington, Del. 19801; (302) 651-8713

Total assets managed	$17,000,000
Tax-exempt assets managed:	
Total	$300,000
Invested overseas	$300,000

Edinburgh-Wilmington International Capital Management, a subsidiary of Wilmington Trust Co./Edinburgh Fund Managers PLC, had $300,000 in international accounts for two U.S. tax-exempt clients as of March 31. Of that, $291,000 was in foreign stocks and $9,000 in cash equivalents. The equity assets were all committed to Japanese special equities.

The company invests only in Japanese emerging-growth companies in a limited number of economic sectors or industries.

It has portfolio managers or analysts in Edinburgh, Scotland.

Minimum account size for individual management is $5 million.

The firm has non-U.S. currency hedging capability. It has been registered with the SEC since 1985.

Total discretionary assets under management by the parent company and its subsidiaries was $16.4 billion as of March 31.

Client contact is P.G. Rickards.

Equitable Life Assurance Society of the United States

787 Seventh Ave., New York, N.Y. 10019; (212) 554-1234

Total assets managed	$8,000,000
Tax-exempt assets managed:	
Total	$8,000,000
Invested overseas	$8,000,000

Equitable Life Assurance Society of the United States had $8 million in international accounts for six U.S. tax-exempt clients as of March 31. Of that, $6.56 million was invested in foreign stocks and $1.44 million in cash equivalents (including a cash contribution of $1.195 million March 31).

The equity assets were committed most heavily in Japan, 39.2%; the United Kingdom, 9.5%; Germany, 9.2%; Switzerland, 5.9%; and France, 5.4%.

The firm invested all of its U.S. tax-exempt assets in commingled accounts.

The international fund is equity-oriented with flexibility to invest in cash or fixed-income securities for defensive purposes. The investment objectives are to produce a stable rate-of-return in excess of the EAFE, to outperform other managers and to preserve capital.

Assets are allocated to the portfolio managers through a formula that is a fraction of EAFE weights; the fund is diversified by stock capitalization, country and portfolio manager. The Pacific Basin and Europe Manager restrict investments to their respective regions and focus on small- and medium-capitalization stocks, while the swing portfolio manger will invest in either region and focus on large-cap stocks. All three managers operate with autonomy and flexibility within guidelines set by Equitable.

Plan sponsors also are given the option of determining asset allocation or selecting one or two of the individual portfolios for investment.

Analysts or portfolio managers are in Tokyo, London and New York.

Minimum account size for individual management is $10 million.

Net gain for the year ended March 31 was $8 million, of which $6.6 million was for foreign stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1970.

The parent company and its subsidiaries had total assets of $91.4 billion under management as of Dec. 31.

Client contact is John F. Norris, vice president, at (201) 392-5211.

European & Pacific Investment Management

1100 Melville, Suite 620, Vancouver, V6E 4A6, British Columbia; (604) 687-7306

Total assets managed	$190,000,000

European & Pacific Investment Management, a subsidiary of AMI Asset Management International Inc., managed $190 million in total assets, all of which were for non-U.S. pension funds.

The firm's services are offered to Canadian clientele only.

Minimum account size for individual management is $7.16 million.

The firm employs Robert Fleming, London, and Jardine Fleming, Hong Kong, as portfolio managers.

The firm emphasizes the faster growing and generally overlooked national markets using a fundamentalist approach.

It has non-U.S. currency hedging capability.

Client contact is Frank H. Brouwer, executive vice president.

f

Favia Hill & Associates

30 Rockefeller Plaza, New York, N.Y. 10112; (212) 621-2858

Total assets managed	$6,000,000,000
Tax-exempt assets managed:	
Total	$102,000,000
Invested overseas	$102,000,000

Favia Hill & Associates, a subsidiary of Chemical New York Corp., managed $102 million in international accounts for 18 U.S. tax-exempt clients as of March 31, all of which was invested in foreign stocks.

The assets were committed most heavily to Japan, 42%; the United Kingdom, 30%; France, 11%; the Netherlands, 9%; and Germany, 6%.

All assets invested abroad were for commingled accounts.

Favia Hill concentrates on the primary area (EAFE) maintaining an average weighting for each primary market unless an anomaly appears. The firm's process screens constantly for anomalies.

Minimum account size for individual management is $2 million.

Analysts or portfolio managers are stationed in London.

Net gain for the year ended March 31 was $22 million, all of which was for non-U.S. stocks.

The firm has foreign currency hedging capability and has been registered with the SEC since 1980.

Assets under management by the parent and subsidiaries as of March 31 totaled $16 billion.

The client contact is Erich G. Weissenberger Jr., senior vice president-director of marketing.

International managers ranked by U.S. tax-exempt assets under management for global accounts

	Name	$ mils.
1.	Templeton International	2,042
2.	Capital Guardian Trust Co.	291
3.	Fidelity International	230
4.	J.P. Morgan Investment Mgmt.	226
5.	Fiduciary Trust Co. of N.Y.[1]	188
6.	Rowe Price-Fleming	173
7.	Martin Currie Inc.	100
8.	Schruder Capital Mgmt.[4]	99
9.	PCM International	98
10.	G.T. Capital Mgmt. Inc.	96
11.	Wertheim Philippe	94
12.	Thomas J. Herzfeld Advisors	85
13.	N.M. Rothschild International	82
14.	Capital Research & Mgmt.	80
15.	Barclays De Zoete Wedd	72
16.	Kleinwort Benson International	68
17.	Morgan Grenfell Investment	68
18.	First Chicago Investment	62
19.	Lombard Odier International	58
20.	Wells Fargo Investment Advisors	50
21.	American Express Asset Mgmt.	49
22.	IDS International Inc.	47
23.	Van Eck Investments	36
24.	Warburg Investment Mgmt.[3]	20
25.	Julius Baer Investment Mgmt.	19
26.	Northern Trust Co.	15
27.	Simms Capital Mgmt.	15
28.	Alliance Capital	11
29.	SBC Portfolio Mgmt.	10
30.	Scudder, Stevens & Clark	6
31.	Citicorp Investment Mgmt.	4
32.	Ivory & Sime International	4
33.	ABD International Mgmt.	0
34.	AIG Global Investors Inc.	0
35.	Aetna MIM Asset Mgmt. Ltd	0
36.	Alexander, Scriver & Associates	0
37.	BA Investment Mgmt.	0
38.	BEA Associates Inc.	0
39.	BT Investment Mgmt.	0
40.	Baillie Gifford (Overseas)	0
41.	Baring International	0
42.	Batterymarch Financial[4]	0
43.	Bessemer Trust Co.	0
44.	Arnhold & S. Bleichroeder	0
45.	Brown Brothers Harriman	0
46.	Capital Mgmt. International	0
47.	Chase Investors Mgmt.	0
48.	County Investment Mgmt. Ltd.	0
49.	Daiwa International Capital	0
50.	Edinburgh-Wilmington	0
51.	Equitable Life Assurance	0
52.	European & Pacific Investment	0
53.	Favia Hill & Associates	0
54.	Foreign and Colonial Asset	0
55.	Glenmede Trust Co.	0
56.	Grantham, Mayo, Van Otterloo	0
57.	HT Investors Inc.	0
58.	Henderson International Inc.	0
59.	Kangyo Kakumaru Capital Mgmt.	0
60.	Kemper-Murray Johnstone	0
61.	Mellon-Pictet International	0
62.	Merrill Lynch Asset Mgmt.	0
63.	NCNB National Bank	0
64.	New Japan Capital Mgmt.	0
65.	Newport Pacific Mgmt.	0
66.	Nikko & Associates Inc.	0
67.	Nomura Capital Mgmt.	0
68.	PM Portfolio Mgmt.	0
69.	Provident Capital Mgmt.	0
70.	Putnam International Advisors	0
71.	RepublicBank Dallas	0
72.	Frank Russell Trust Co.[2]	0
73.	State Street Bank and Trust Co.	0
74.	Touche Remnant Pension Mgmt.	0
75.	Travelers Asset Mgmt.	0
76.	Wardley Marine International	0
77.	Wellington Mgmt. Co.	0
	TOTAL	**4,498**

[1] data as of Dec. 31, 1985
[2] includes Peoples National Bank of Washington
[3] includes C&S Investment Advisors Inc.
[4] includes The Vanguard Group

Fidelity International Investment Advisors

68 Devonshire St., Boston, Mass. 02109; (617) 570-6330

Total assets managed	$2,500,000,000
Tax-exempt assets managed:	
Total	$2,200,000,000
Invested overseas	$2,100,000,000

Fidelity International Investment Advisors Ltd., a subsidiary of Fidelity International Ltd., managed $2.1 billion in international and global accounts for 20 U.S. tax-exempt clients as of March 31. Of that sum, $1.995 billion was in foreign stocks and $105 million was in cash equivalents.

Of the firm's total of $2.5 billion in assets under management, $300 million was for non-U.S. pension funds.

The international accounts totaled $1.9 billion, the equity portion of which was committed most heavily to Japan, 37%; Italy, 13%; France, 10%; the United Kingdom, 10%; and Germany, 8%.

The global accounts totaled $230 million. Equity assets from those accounts were most heavily invested in the United States, 39%; Japan, 20%; Italy, 7%; France, 5%; and the United Kingdom, 5%.

Of the tax-exempt assets invested abroad, $100 million was in commingled accounts.

The geographic and asset allocation are decided by an international investment policy group. Assets then are invested by portfolio managers at the local level, who have full discretion with respect to industry/stock selection.

The firm has regional offices in Boston, London, Tokyo and Hong Kong.

The minimum account size for individual management is $20 million.

In the year ended March 31, Fidelity International Investment Advisors registered a net gain of $110 million in U.S. institutional tax-exempt business, all in non-U.S. stock.

The firm has non-U.S. currency hedging capability. It has been registered with the SEC since 1977.

The parent company and subsidiaries had $5.6 billion in total assets under management as of March 31.

The client contact is William B. Fink, vice president.

Fiduciary Trust Co. of New York

2 World Trade Center, New York, N.Y. 10048; (212) 466-4100

Total assets managed	$11,200,000,000
Tax-exempt assets managed:	
Total	$8,823,000,000
Invested overseas	$2,170,000,000

The Fiduciary Trust Co. of New York managed $2.17 billion in non-U.S. markets for seven clients as of Dec. 31. Of that, $1.082 billion was invested in foreign stocks and $1.088 billion was invested in foreign bonds.

International investments accounted for $45 million, with the equity assets most heavily committed to Japan, 35%; Germany, 12%; Netherlands, 10%; France, 9%; and Switzerland, 9%.

Global investments accounted for $187.5 million, with the equity assets most heavily committed to the United States, 47%; Japan, 22%; Germany, 6%; France, 5%; and Switzerland, 5%.

Of the tax-exempt assets invested abroad, $5.1 million was in commingled accounts, $40.2 million was in mutual funds.

Fiduciary Trust also managed $4.908 billion for foreign pension funds as of Dec. 31.

Fiduciary's international specialists emphasize stock selection within a macroeconomic framework. The active management style produces concentrated portfolios both in stocks and markets. Country allocations vary from EAFE weightings according to the firm's assessment of the markets. Currency and market diversification are used to reduce risk. It has foreign currency hedging capability.

Fiduciary Trust has analysts or portfolio managers in London, New York, Los Angeles and Geneva, Switzerland.

The minimum account size for individual management is $10 million.

For the year ended Dec. 31, the trust company experienced a $170 million gain in U.S. institutional tax-exempt business. Of that, $6 million was for foreign stock, $56 million for foreign bonds and $108 million for U.S. bonds.

As of Dec. 31, the parent company and its subsidiaries had $11.2 billion in total assets under management.

Client contacts are George Mullen and Belinda Gibbs.

First Chicago Investment Advisors

3 First National Plaza, Chicago, Ill.

Total assets managed	$7,998,000,000
Tax-exempt assets managed:	
Total	$7,890,000,000
Invested overseas	$1,908,000,000

First Chicago Investment Advisors, a subsidiary of First Chicago Corp., managed $1.908 billion in international and global accounts for 81 U.S. tax-exempt clients as of March 31. Of that, $645.3 million was in foreign stocks, $1.017 billion in foreign bonds, and $245.5 million in cash equivalents.

The international accounts totaled $1.846 billion. The equity assets in those accounts were most heavily invested in Japan, 35.9%; the United Kingdom, 14.2%; Germany, 8.4%; Switzerland, 5.4%; and France, 5.4%.

The global accounts totaled $62.2 million, all in fixed income.

Of the assets invested abroad, $520 million were in commingled accounts.

First Chicago Investment Advisors is an active manager of diversified international equity and fixed-income portfolios. The firm uses internally developed valuation models, risk systems and other quantitative techniques in a structured decision process. The equity approach is value-oriented and identifies mispriced markets and securities. Fixed income is treated as a separate asset class, with interest rate and currency forecasts integrated into strategic forecasts.

Minimum account size for individual management is $1 million.

Analysts and portfolio managers are stationed in London and Chicago.

In the year ended March 31, the firm reported a net gain of $989.4 million in U.S. institutional tax-exempt business. Of that, $531 million was for foreign stock and $457.9 million was for foreign bonds, including $104 million in cash equivalents.

It has foreign currency hedging capability.

As of March 31, the parent and its subsidiaries had $11.26 billion in total assets under management.

The client contact is Richard C. Carr, managing director.

Foreign and Colonial Asset Management

45 Wall St., New York, N.Y. 10005; (212) 806-4480

Total assets managed	$69,000,000
Tax-exempt assets managed:	
Total	$20,000,000
Invested overseas	$20,000,000

Foreign and Colonial Asset Management, a subsidiary of Foreign & Colonial Management Ltd., London, and U.S. Trust of New York, managed $20 million in international accounts for eight U.S. tax-exempt clients as of March 31. Of that, $19.8 million was in foreign stocks and $200,000 was in cash equivalents.

The equity assets were committed most heavily to Japan, 48%; the United Kingdom, 15%; Germany, 10%; Switzerland, 6%; and France, 6%.

The firm also managed $20 million for foreign pension funds.

Of U.S. tax-exempt assets, all $20 million was invested in commingled accounts.

Foreign and Colonial Asset Management employs an equity fundamental value discipline (e.g. sustainable earnings growth, strong balance sheets, share of ownership by management, competitive advantage in technology or manufacturing) with emphasis on sector analysis in the Far East. A fully invested position is normal.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are stationed in London.

In the year ended March 31, the firm experienced a net gain of $500,000, all in non-U.S. stock.

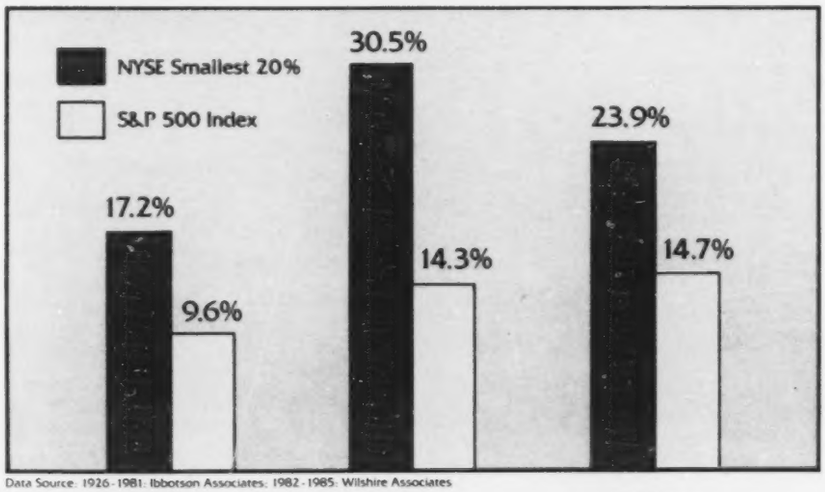
The firm has foreign currency hedging capability and has been registered with the SEC since 1982.

The parent companies and subsidiaries had $13 billion in total assets under management as of March 31.

Client contact is John K. Holland, marketing director.

Pensions & Investment Age will publish its annual ranking and profiles of real estate investment advisers in the Sept. 15 issue.

Check this Record!



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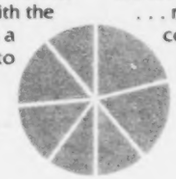

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g

The Glenmede Trust Co.

229 S. 18th St., Philadelphia, Pa. 19103; (215) 875-3230

Total assets managed	$3,500,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000
Invested overseas	$50,000,000

The Glenmede Trust Co. managed $50 million in U.S. institutional tax-exempt assets in international accounts for six clients as of March 31. Of that, $45 million was in foreign stocks, $4 million in foreign bonds and $1 million in cash equivalents.

The equity assets were most heavily committed to Japan, 45%; Germany, 20%; the Netherlands, 10%; the United Kingdom, 5%; and Switzerland, 5%.

Glenmede Trust uses a value approach empioying computers to identify countries and stocks that are undervalued.

The minimum account size for individual management is $1 million.

The client contact is John W. Church Jr.

Grantham, Mayo, Van Otterloo & Co.

125 High St., Boston, Mass. 02110; (617) 574-4817

Total assets managed	$1,561,000,000
Tax-exempt assets managed:	
Total	$1,561,000,000
Invested overseas	$1,561,000,000

Grantham, Mayo, Van Otterloo & Co. managed $1.561 billion in international accounts for 27 U.S. tax-exempt clients as of March 31. Of that, $1.363 billion was in foreign stocks, $42 million was in foreign bonds and $156 million was in cash equivalents.

The equity assets in those accounts were committed most heavily to the United Kingdom, 27%; Japan, 20%; Germany, 10.8%; the Netherlands, 6%; and France, 5%.

Of the tax-exempt assets invested abroad, $1.171 billion was in commingled accounts. Of that amount, $54 million was in mutual funds and $402 million was in index funds, which is the firm's core product.

The core product is designed to provide a highly liquid, highly diversified way for large pools of money to achieve significant international exposure. It is highly disciplined, being data/computer driven with a minimum of human intervention, and it aims at modestly outperforming EAFE.

The minimum account size for individual management is $50 million.

In the year ended March 31, the firm reported a $75 million net gain in U.S. institutional tax-exempt business, all in foreign stock.

It has foreign currency hedging capability and has been registered with the SEC since 1977.

The client contact is Eyk Van Otterloo.

G.T. Capital Management

601 Montgomery St., Suite 1400, San Francisco, Calif. 94111; (415) 392-6181

Total assets managed	$1,341,000,000
Tax-exempt assets managed:	
Total	$959,000,000
Invested overseas	$950,000,000

G.T. Capital Management Inc., a subsidiary of G.T. Management Ltd., London, managed $949.6 million in international and global accounts for 14 U.S. institutional tax-exempt clients as of March 31. Of that, $882 million was invested in foreign stocks, $37.5 million in foreign bonds, and $30.1 million in cash equivalents.

The equity portion of the $862.8 million in international accounts was committed most heavily to Japan, 42%; the United Kingdom, 17%; Germany, 8%; Hong Kong, 6%; and France 5%.

The equity portion of the $96.1 million in global accounts was most heavily invested in the United States, 45%; Japan, 23%; the United Kingdom, 11%; Germany, 5%; and Hong Kong, 4%.

The firm also manages $48.1 million for foreign pension funds.

G.T. Capital Management's investment philosophy of global investing combines a top-down approcach to geographic asset allocation (growth economies) with a bottom-up approach to security selection (growth companies).

Analysts or portfolio managers are in London, Hong Kong; Tokyo; Sydney, Australia; San Francisco; and Menlo Park, Calif.

The minimum account size for individual management is $15 million.

For the year ended March 31, the firm had a $68.3 million net loss in U.S. institutional tax-exempt business, in foreign stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1974.

The parent company and its subsidiaries had $5 billion in total assets under management as of March 31.

The client contact is Mary Lou Bernholt, vice president-marketing and client services.

h

Henderson International Inc.

630 Fifth Ave., Suite 811, New York, N.Y. 10111; (212) 315-5660

Total assets managed	$6,500,000,000

As of March 31, Henderson International Inc., a subsidiary of Henderson Administration Group PLC, London, managed $6.5 billion in total assets, of which $2.7 billion was for non-U.S. pension funds. It has no U.S. tax-exempt clients.

Henderson International Inc. is an equity investment manager. Investment objectives are to outperform the average manager in all geographic markets through stock selection and to add value through country emphasis. The managers are active country allocators, earnings-oriented in stock selection and accounts normally are fully invested.

Minimum account size for individual management is $10 million.

It has foreign currency hedging capability and has been registered with the SEC since 1985.

The client contact is Geoff Owen, senior vice president.

Thomas J. Herzfeld Advisors

7800 Red Road, South Miami, Fla. 33143; (305) 665-6500

Total assets managed	$100,000,000
Tax-exempt assets managed:	
Total	$85,000,000
Invested overseas	$40,000,000

Thomas J. Herzfeld Advisors Inc. managed $85 million of U.S. institutional tax-exempt assets in global accounts as of March 31.

Of that, $40 million was invested in foreign markets for five U.S. institutional tax-exempt clients: $38 million in foreign stocks and $2 million in cash equivalents.

The firm's global holdings, which include the international assets, were distributed among the United States, 60%; the United Kingdom, 38%; and Canada, 2%.

Thomas J. Herzfeld Advisors attempts to enhance long-term closed-end fund investment through a rotational trading strategy. Emphasis is on market timing, portfolio evaluation of individual funds and intensive discount analysis. During periods when closed-end fund discounts are not deemed attractive, common stocks are included for consideration during rising markets. Emphasis is placed on high-quality, high-yield, low p/e or out-of-favor issues.

Minimum account size for individual management is $1 million.

In the year ended Dec. 31, the firm reported a net gain of $8 million in U.S. institutional tax-exempt business, all in foreign stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1984.

Client contact is Cecilia L. Gondor.

HT Investors Inc.

321 S. Main St., Providence, R.I. 02903; (401) 276-6188

Total assets managed	$1,000,000,000
Tax-exempt assets managed:	
Total	$1,000,000,000
Invested overseas	$8,000,000

HT Investors Inc., a subsidiary of RIHT Financial Corp., managed $7.9 million in international accounts for 18 U.S. tax-exempt clients as of March 31. Of that, $7.8 million was in non-U.S. stocks and $100,000 was in cash equivalents. All were invested in commingled accounts.

The equity assets were most heavily committed to Japan, 35%; the United Kingdom, 19%; France, 10%; Switzerland, 10%, and West Germany, 6%.

The firm takes a top-down country allocation, bottom-up stock selection approach.

Minimum account size for individual management is $1 million.

In the year ended March 31, the firm experienced a net loss of $491,000, all in non-U.S. stocks.

The firm has foreign currency hedging capability and has been registered with the SEC since 1982.

The parent company and subsidiaries had $8 billion in total assets under management as of March 31.

Client contact is J. Richard Schroder.

i

IDS International Inc.

3100 IDS Tower, Minneapolis, Minn. 55474; (612) 372-3079

Total assets managed	$569,000,000
Tax-exempt assets managed:	
Total	$266,000,000
Invested overseas	$251,000,000

IDS International Inc., a subsidiary of IDS Financial Services Inc., managed $251.4 million in international and global accounts for seven U.S. tax-exempt clients as of March 31. Of that, $247 million was in foreign bonds and $4.4 million was in cash equivalents.

The equity portion of the $218.3 million of U.S. tax-exempt assets in international accounts was most heavily committed to Japan, 47%; the United Kingdom, 14%; Germany, 7%; France, 6%; and Singapore, 4%.

The equity portion of the $47.2 million of U.S. tax-exempt assets in global accounts are most heavily committed to the United States, 30%; Japan, 27%; the United Kingdom, 9%; France, 7%; and Germany 5%.

IDS also managed $175 million for foreign pension funds.

Of the amount invested abroad for U.S. tax-exempt clients, $42 million was in commingled accounts. It also had $128.6 million in index funds.

IDS International Inc. takes a top-down, bottom-up approach to international investing. Base upon a macroeconomic, geopolitical overview, assets are allocated among stocks, bonds and cash; currency views are taken; countries are distributed into economic categories and weighted. Stocks, which are placed into four categories, are selected following in-depth fundamental research.

Portfolio managers or analysts are in Minneapolis and London.

The minimum account size for individual management is $15 million.

In the year ended March 31, the firm reported a net gain of $100.8 million in U.S. institutional tax-exempt business for international and global accounts. The entire gain was realized in foreign stocks.

IDS has foreign currency hedging capability and has been registered with the SEC since 1981.

Assets under management by the parent and subsidiaries totaled $26.84 billion as of March 31.

The client contact is Cheryl K. Gruetzmacher, vice president-director of marketing.

Ivory & Sime International

39 Main St., Chatham, N.J. 07928; (201) 635-6700

Total assets managed	$115,000,000
Tax-exempt assets managed:	
Total	$79,000,000
Invested overseas	$79 million

Ivory & Sime International Inc., a subsidiary of Ivory & Sime PLC, Edinburgh, Scotland, managed $79 million overseas for four U.S. tax-exempt clients as of March 31. Of that, $73 million was in foreign stocks, $2 million in foreign bonds and $4 million in cash equivalents.

The equity assets of the $75 million invested in international accounts were committed most heavily to Japan, 33%; France, 12%; the Netherlands, 12%; West Germany, 10%; and the United Kingdom, 9%.

The firm also managed $4 million in global accounts, the equity assets of which were committed most heavily to the United States, 25%; Japan, 21%; the United Kingdom, 10%; Canada, 10%; and Australia, 7%.

Of the $115 million total under management, $36 million was for non-U.S. pension funds.

Ivory & Sime takes a long-term, fundamental, research-based approach with primary emphasis on stock selection and identifying superior companies in a global context.

Analysts or portfolio managers are in Edinburgh.

Minimum account size for individual management is $5 million.

The firm had a net loss of $20 million for the year ended March 31, all in foreign stock.

It has foreign currency hedging capability and has been registered with the SEC since 1978.

Assets under management by the parent and its subsidiaries totaled $3 billion as of March 31.

Client contact is Keith H. Wood, president.

k

Kangyo Kakumaru Capital Management Corp.

1 State Street Plaza, New York, N.Y. 10004; (212) 509-4661

Total assets managed	$189,000,000

Kangyo Kakumaru Capital Management Corp., a subsidiary of Kangyo Kakumaru Research Institute Inc., Tokyo, did not have any assets under management for U.S. or non-U.S. pension funds as of March 31.

Analysts or portfolio managers are in New York, San Francisco, Tokyo and Osaka, Japan.

Minimum account size is $1 million.

The firm has non-U.S. currency hedging capability and has been registered with the SEC since 1983.

The parent and its subsidiaries managed a total of $991 million as of March 31.

Client contact is Etsuo Ogiwara.

Kemper-Murray Johnstone International

120 S. LaSalle St., Chicago, Ill. 60603; (312) 845-1880

Total assets managed	$355,000,000
Tax-exempt assets managed:	
Total	$178,000,000
Invested overseas	$178,000,000

Kemper-Murray Johnstone International, a subsidiary of Kemper Financial Services, managed $178 million in international accounts for three U.S. institutional tax-exempt clients as of March 31. Of that, $153 million was in foreign stocks, $9 million in foreign bonds and $16 million in cash equivalents.

The equity assets were committed most heavily to Japan, 23%; the United Kingdom, 15%; Germany, 9%; Switzerland, 9%; and France, 8%.

Of the assets invested abroad, $107 million was in a mutual fund.

Kemper-Murray Johnstone has a fundamental growth stock orientation. It seeks early identification of companies about to enter a superior earnings growth phase. The objective is to provide real returns (vs. CPI) and superior returns (vs. EAFE and peers), during a complete market cycle.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are in Chicago and Glasgow, Scotland.

Net gain for the year ended March 31 was $59.1 million: $56.15 million in foreign stock and $2.96 million in foreign bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1980.

The parent company and its subsidiaries managed total assets of $36.9 billion as of March 31.

The client contact is Gavin Dobson.

Kleinwort Benson International Investment

100 Wall St., New York, N.Y. 10005; (212) 747-0440

Total assets managed	$320,000,000
Tax-exempt assets managed:	
Total	$320,000,000
Invested overseas	$320,000,000

Kleinwort Benson International Investment Ltd., a subsidiary of Kleinwort Benson Ltd., London, managed $320 million in international and global accounts for 13 tax-exempt U.S. clients as of March 31.

Of that total, $250 million was in foreign stocks, $68.2 million in foreign bonds and $1.8 million in cash equivalents.

The equity portion of the $251.8 million in international accounts was most heavily committed to Japan, 35%; the United Kingdom, 19%; France, 10%; Switzerland, 9%; and Italy, 7%.

The equity portion (25%) of the $68.2 million in global accounts was committed most heavily to Japan, 12%; the United Kingdom, 4%; Germany, 3%; France, 2%; and the Netherlands, 2%.

Of the assets invested abroad, $86 million was in mutual funds.

The firm uses a top-down macro analysis for bonds, emphasizing quality. For equities, the firm employs a bottom-up stock selection with low p/e bias relative to sector and market. The emphasis is on in-house research seeking earnings growth and financial strength not fully recognized by markets. Analysts frequently visit companies worldwide. For cash, the firm practices active management.

Analysts or portfolio managers are in London; New York; Tokyo; Hong Kong; Geneva, Switzerland; Brussels, Belgium; and Melbourne, Australia.

Minimum account size is $5 million.

For the year ended March 31, the firm posted a $119.2 million net gain: $94.4 million for foreign stock and $24.8 million for foreign bonds.

Kleinwort Benson International has foreign currency hedging capability and has been registered with the SEC since 1980.

The parent company and subsidiaries had $4.7 billion in total assets under management as of March 31.

The client contact is Ian E. Lindsay.

l

Lombard Odier International Portfolio Management Ltd.

Norfolk House, 13 Southampton Place, London, WC1A 2AJ, England; 011-441-831-2350

Total assets managed	$1,374,000,000
Tax-exempt assets managed:	
Total	$233,000,000
Invested overseas	$233,000,000

Lombard Odier International Portfolio Management Ltd., a subsidiary of Lombard Odier & Cie, Geneva, Switzerland, managed $233.2 million in for-

eign markets for U.S. tax-exempt clients as of March 31. Of that, $224 million was in non-U.S. stocks and $9 million was in non-U.S. bonds.

A total of $175.5 million was in international accounts, the equity assets of which were most heavily committed to Japan, 43.4%; the United Kingdom, 12.9%; Italy, 12.7%; Germany, 9.2%; and France, 7.4%.

Global accounts comprised $57.7 million, the equity assets of which were most heavily committed to the United States, 40.7%; Japan, 18.2%; France, 11.8%; Italy, 7.8%; and the Netherlands, 6%.

Of the total assets, $1.14 billion was invested for non-U.S. pension funds.

Lombard Odier seeks out major political and economic trends and imposes conviction country and currency allocations, including hedging, on conviction stocks. Research groups in London, Geneva and Amsterdam provide in-depth corporate research. The firm has an interest rate-anticipation approach to fixed income, selecting individual securities based on market value analysis. Options, stock index futures and fixed-income futures are used.

Minimum account size for individual management is $5 million.

Analysts or portfolio managers are in Geneva, Amsterdam and Montreal.

The firm has a non-U.S. currency hedging capability, and has been registered with the SEC since 1978.

Client contact is Frederik s'Jacob.

m

Mellon-Pictet International Management Ltd.

Cutlers Gardens, 5 Devonshire Square, London, EC2M 4LD, England; 011-44-1-283-7471

Total assets managed	$915,000,000
Tax-exempt assets managed:	
Total	$531,000,000
Invested overseas	$531,000,000

Mellon-Pictet International Management Ltd., a subsidiary of Mellon Bank, Pittsburgh, and Pictet et Cie, Geneva, Switzerland, managed $531 million in international accounts for 18 U.S. tax-exempt clients as of March 31. All of the assets were in foreign stocks.

The equity assets were most heavily committed to Japan, 42%; France, 21%; the United Kingdom, 12%; the Netherlands, 11%; and Hong Kong, 9%.

The firm also manages $2 million for foreign pension funds.

Of the assets invested abroad, $21 million was in commingled accounts.

Mellon-Pictet practices active asset allocation among markets and currencies determined by five managers. It uses active stock selection. The firm's degree of concentration is tailored for each client's needs.

It has analysts or portfolio managers in London, Tokyo and Geneva, Switzerland.

The minimum account size for individual management is $5 million.

For the year ended March 31, the firm experienced a $100 million net gain, all in foreign stocks.

The firm has foreign currency hedging capability and has been registered with the SEC since 1980.

Client contacts are Dan Blanks in London and Rod Hearn in New York at (212) 702-5268.

Merrill Lynch Asset Management Inc.

Box 9011, Princeton, N.J. 08543-9011; (609) 282-2301

Total assets managed	$3,300,000,000
Tax-exempt assets managed:	
Total	$2,500,000,000

Merrill Lynch Asset Management Inc., a subsidiary of Merrill Lynch & Co., managed $200 million for U.S. clients in overseas markets as of March 31. The company could not provide a breakout of taxable and tax-exempt assets.

Of the $3.3 billion in total assets, $384 million was for foreign pension funds.

Merrill Lynch Asset Management Inc. manages assets on a value basis, first taking client requirements and currency considerations into account.

Analysts or portfolio managers are in London, New York and Geneva, Switzerland.

The minimum account size for individual management is $1 million.

The firm has been registered with the SEC since 1976.

The client contact is Bernard J. Durnin, senior vice president.

Morgan Grenfell Investment Services Ltd.

46 New Broad St., London, EC2M INB, England; 011-44-1-256-7500

Total assets managed	$2,800,000,000
Tax-exempt assets managed:	
Total	$2,300,000,000
Invested overseas	$2,270,000,000

Morgan Grenfell Investment Services Ltd., a subsidiary of the Morgan Grenfell Group PLC, had $2.27 billion of U.S. institutional tax-exempt assets invested in foreign markets for 44 clients as of March 31.

Of that, $2.179 billion was invested in foreign stocks, $45.4 million was in foreign bonds and $45.4 million was in cash equivalents.

The equity assets of the $1.59 billion in international accounts were most heavily committed to Japan, 58%; the United Kingdom, 15%; Germany, 9%; France, 6%; and the Netherlands, 5%.

The equity assets of the $68 million in global accounts were most heavily committed to the United States, 45%; Japan, 32%; the United Kingdom, 8%; Germany, 5%; and France, 3%.

The firm also manages $502 million in foreign pension assets.

Morgan Grenfell Investment Services Ltd. is an active, global manager. Equal emphasis is placed on the market decision and stock selection. No investments are made without considering the currency impact.

It has portfolio managers or analysts in London; New York; Tokyo; Singapore; Sydney, Australia; and Geneva, Switzerland.

The minimum account size for individual management is $15 million.

In the year ended March 31, the firm reported a $38 million net gain in U.S. institutional tax-exempt business: $37.24 million in foreign stock and $760,000 in foreign bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1977.

The parent company and subsidiaries had $19.4 billion under management as of March 31.

The client contacts are Graham D. Bamping and Alison J. Ramsdale, vice presidents, at (212) 715-1700.

J.P. Morgan Investment Management Inc.

83 Pall Mall, London, SW1Y 5ES, England; 011-44-1-930-9444

Total assets managed	$9,158,000,000
Tax-exempt assets managed:	
Total	$3,899,000,000
Invested overseas	$3,860,000,000

J.P. Morgan Investment Management Inc., a subsidiary of J.P. Morgan Investment Management Inc., New York, managed $3.86 billion in overseas accounts for 29 U.S. tax-exempt clients as of March 31. Of that, $2.87 billion was in foreign stocks, $887 million in foreign bonds and $103 million in cash equivalents.

It had $3.67 billion in international accounts, the equity assets of which were committed most heavily to Japan, 41%; Germany, 16%; the United Kingdom, 15%; Switzerland, 9%; and France, 6%.

J.P. Morgan also managed $226 million in global accounts, the equity assets of which were committed most heavily to Japan, 34%; the United States, 16%; Germany, 14%; the United Kingdom, 12%; and Switzerland, 8%.

It also managed $485 million in foreign pension assets.

Of the assets invested abroad, $1.564 billion was in commingled accounts.

The firm uses a combination of top-down and bottom-up approaches to both equity and fixed-income investments. The investment strategy is derived from capital market analysis and sector and industry research, active cash and country allocations, active hedging where permitted and broadly diversified portfolios.

Analysts or portfolio managers are in New York, London, Tokyo and Singapore.

Minimum account size for individual management is $10 million.

J.P. Morgan reported a net loss for the year ended March 31 of $23 million: a $143 million loss in foreign stocks and a $120 million gain in foreign bonds.

It has foreign currency hedging capacity and has been registered with the SEC since 1984.

Assets under management by the parent organization and its subsidiaries as of March 31 totaled $45 billion.

The client contact is Helen Braun, assistant vice president, in New York at (212) 826-7449.

n

NCNB National Bank

1 NCNB Plaza T09-1, Charlotte, N.C. 28255; (704) 374-8405

Total assets managed	$7,180,000,000
Tax-exempt assets managed:	
Total	$2,800,000,000
Invested overseas	$160,000,000

NCNB National Bank, a subsidiary of NCNB Corp., had $160 million of U.S. institutional tax-exempt assets in international accounts for 1,300 clients as of March 31. The assets were all in cash equivalents; and all commingled funds.

NCNB seeks to enhance cash equivalent yield through investment in high-quality, liquid non-U.S. assets.

Analysts or portfolio managers are in Charlotte, N.C.; Columbia, S.C.; and Tampa, Fla.

Minimum account size for individual management is $5 million.

NCNB has foreign currency hedging capability.

The parent and subsidiaries had $7.18 billion under management as of March 31.

The client contact is Mark S. Coltrin.

The New Japan Capital Management Co. Ltd.

1 World Trade Center, Suite 4959, New York, N.Y. 10048; (212) 938-5602

Total assets managed	$736,000,000

The New Japan Capital Management Co. Ltd., a subsidiary of New Japan Securities Co. Ltd., Tokyo, had $736 million under management as of March 31. Of that, $30.16 million was for foreign pension funds; none was for U.S. pension funds.

The firm, when dealing with equities, selects portfolios based on a combination of industry risk-return calculations, relative PER analysis and its "SAM-MIT" system for market timing.

Analysts or portfolio managers are in Tokyo.

Minimum account size for individual management is $1 million.

The firm has been registered with the SEC since 1982.

The client contact is Kenji Nakanishi.

Newport Pacific Management

500 Sansome St., Suite 810, San Francisco, Calif. 94111; (415) 781-5801

Total assets managed	$10,000,000

Newport Pacific Management, a subsidiary of Newport International Management Ltd., Hamilton, Bermuda, specializes in growth companies in the Pacific Basin.

The minimum account size for individual management is $1 million.

The firm has been registered w the SEC since 1983.

The parent company and its sub diaries had $33 million in total asse under management March 31.

The client contact is John M. Mu sey.

Nikko & Associates Inc.

350 Park Ave., New York, N.Y. 1002 (212) 319-2730

Total assets managed	$403,000,
Tax-exempt assets managed:	
Total	$42,000,
Invested overseas	$42,000,

Nikko & Associates Inc., a subsidia of Nikko International Capital Manag ment Co. Ltd., Tokyo, managed $ million in international accounts for fi U.S. tax-exempt clients as of Mar 31. Of that, $39.1 million was in f eign stocks and $2.9 million in ca equivalents.

The equity assets were committ most heavily to Japan, 96%; Ho Kong, 3%; and Australia, 1%.

The firm also manages $206 milli for non-U.S. clients.

The firm's aim is to achieve super and consistent investment perfo mance through a combination of acti and core management. Core manag ment (index funds and/or other app cations) allows added value throu specialized active EAFE manageme for the remainder of a portfolio. T firm also adds value by participating the deregulation and privatizati moves both in Europe and the Paci Basin, using its international network

Analysts or portfolio mangers are New York; London; Tokyo; Gene and Zurich, Switzerland; Paris; Fran furt, West Germany; Hong Kong; S gapore; and Sydney, Australia.

Minimum account size for individu management is $1 million for a gro ing account; $5 million for a fix account.

The firm has non-U.S. hedgi capability and has been registered w the SEC since 1981.

The parent company and its sub diaries had total assets of $3.8 billi

BURNS FRY AND TIMMINS INC.

subsidiary of

BURNS FRY LIMITED

Institutional Market Makers

in

Canadian Fixed Income Securities

BURNS FRY AND TIMMINS INC.

New York 212-344-3870

Toronto 416-365-4100

Wall Street Plaza, New York, N.Y. 10005

nder management as of March 31.

The client contact is K. De Ryck, resident.

Nomura Capital Management

180 Maiden Lane, Suite 2903, New York, N.Y. 10038; (212) 509-8181

Total assets managed	$725,000,000
Tax-exempt assets managed:	
Total	$494,000,000
Invested overseas	$494,000,000

Nomura Capital Management Inc., a subsidiary of Nomura Investment Management Co. Ltd., Tokyo, managed $494 million in international accounts for nine U.S. tax-exempt clients as of March 31. All assets were invested in foreign stocks.

Equity assets were committed most heavily to Japan, 55%; the United Kingdom, 13.4%; France, 7.3%; Germany, 7%; and Italy, 5.4%.

The firm employs active equity management in the non-U.S. markets using original fundamental and economic research with a global perspective to create portfolios through a disciplined valuation process and structured management process. Attention is focused on a client's risk parameters.

Analysts or portfolio managers are in Tokyo, New York, London, Washington, Hong Kong, Singapore and China.

Minimum account size for individual management is $5 million.

Net gain for the year ended March 31 in U.S. institutional tax-exempt business was $54 million, all in foreign stock.

The firm has been registered with the SEC since 1976.

Assets under management by the parent and subsidiaries totaled $6.829 billion as of March 31.

Client contact is Brian X. Fitzgibbon.

The Northern Trust Co.

50 S. LaSalle St., Chicago, Ill. 60675; (312) 630-6000

Total assets managed	$15,000,000
Tax-exempt assets managed:	
Total	$15,000,000
Invested overseas	$15,000,000

The Northern Trust Co., a subsidiary of The Northern Trust Corp., managed $14.7 million in global accounts for three U.S. tax-exempt clients as of March 31, of which $12.2 million was in foreign stocks and $2.5 million in foreign bonds.

The equity assets were committed most heavily to Japan, 36%; France, 12%; Italy, 11%; Germany, 10%; and the Netherlands, 8%.

All of the U.S. tax-exempt assets invested abroad were in commingled accounts.

In its foreign investments, Northern Trust uses extensive analysis of economics, currencies, financial markets and individual companies. The firm seeks to maximize relative and absolute returns consistent with an acceptable level of risk.

Minimum account size for individual management is $100,000.

Net gain for the year ended March 31 was $17,138, all of which was in foreign stocks.

The firm has foreign currency hedging capability and is registered with the SEC.

The parent organization and its subsidiaries managed a total of $95 billion as of March 31.

The client contact is Jennifer Cameron.

P

PCM International

745 Broad St., Newark, N.J. 07101; (201) 877-7982

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	
Total	$525,000,000
Invested overseas	$480,000,000

PCM International, a subsidiary of the Prudential Insurance Co. of America, Newark, N.J., had $480 million in U.S. institutional tax-exempt assets invested overseas for 23 clients as of March 31. Of that, $264 million was in foreign stocks and $216 million in foreign bonds.

PCM had $427 million in international accounts for U.S. tax-exempt clients, with the equity assets most heavily committed to Japan, 50%; France, 13%; the United Kingdom, 11%; Spain, 7%; and Italy, 4%.

It had $98 million in global bond accounts.

The firm had $497 million invested in commingled accounts.

PCM International practices bottom-up stock selection with defensive currency and stock market techniques. When handling bonds, the firm employs currency and maturity management using top-quality issues.

The minimum account size for individual management is $10 million.

For the year ended March 31, the firm had a $17 million net gain in U.S. institutional tax-exempt business: $15 million for foreign stock and $2 million for foreign bonds.

It has foreign currency hedging capability and has been registered with the SEC since 1984.

The parent company and subsidiaries had $125 billion in total assets under management March 31.

The client contact is Barry Gillman, managing director.

PM Portfolio Management

Friedrichstrasse 9, 8000 Munich 40, West Germany; 89-33-20-36

Total assets managed	$111,000,000
Tax-exempt assets managed:	
Total	$71,000,000
Invested overseas	$71,000,000

PM Portfolio Management managed $71 million in an international account for one U.S. institutional tax-exempt client as of March 31.

Of that, $68.87 million was invested in foreign stocks, $1.42 million was invested in foreign bonds, and $710,000 was invested in cash equivalents.

The equity assets were committed most heavily to Germany, 41.7%; Switzerland, 22.1%; the Netherlands, 10.8%; Spain, 10.3%; and France, 7.3%.

The firm also manages $23.2 million for foreign pension funds.

PM Portfolio Management's conventional and European Small Company Fund managers emphasize high quality, combining growth stocks and bonds. Its market-timing strategy is based on interest rates and currency trends, with special in-depth analysis of strategic investment and industry groups worldwide. All research for clients is done internally.

The minimum account size for individual management is $5 million.

For the year ended March 31, the firm posted a $34.6 million net gain in U.S. institutional tax-exempt business: $34.1 million in foreign stock and $500,000 in foreign bonds.

PM Portfolio has been registered with the SEC since 1980.

The client contacts are Friedhelm Pott or Ulrich R. Kuettner, fund manager.

Provident Capital Management

30 S. 17th St., United Engineers Building, Philadelphia, Pa. 19103; (215) 561-6000

Total assets managed	$3,100,000,000
Tax-exempt assets managed:	
Total	$2,600,000,000
Invested overseas	$20,000,000

Provident Capital Management had $20 million of U.S. institutional tax-exempt assets invested in international accounts for 40 clients as of March 31. All of the assets were invested in foreign stocks.

The equity assets were committed most heavily to Japan, 45%; the United Kingdom, 14%; Germany, 9%; the Netherlands, 7%; and France, 5%.

The firm also managed $22 million for foreign pension funds.

All of the U.S. institutional tax-exempt assets invested abroad were in commingled accounts.

Provident Capital Management follows a low p/e, value-oriented approach. Country allocation resembles EAFE.

The minimum account size for individual management is $5 million.

In the year ended March 31, the firm reported a $20 million net gain in U.S. institutional tax-exempt business for international and global accounts, all in foreign stocks.

It has been registered with the SEC since 1978.

The client contact is M. Andrew Sheffler.

Putnam International Advisors

1 Post Office Square, 10th Floor, Boston, Mass. 02109; (617) 292-1200

Total assets managed	$1,385,000,000
Tax-exempt assets managed:	
Total	$588,000,000
Invested overseas	$588,000,000

Putnam International Advisors, a subsidiary of The Putnam Advisory Co. Inc., which is a wholly owned subsidiary of Marsh & McLennan Inc., managed $588 million in international accounts for 27 U.S. tax-exempt clients as of March 31. Of that, $559 million was in foreign stocks and $29 million in cash equivalents.

The equity assets were most heavily committed to Japan, 35%; France, 10.5%; the United Kingdom, 10%; Germany 8%; and Italy, 7%.

The firm also managed $180 million for foreign pension funds.

Of the assets invested abroad, $131 million was in commingled accounts.

Putnam International uses a top-down and bottom-up approach with the objective of adding value through market and stock selection. It participates in eight to 12 markets to reduce risk, including currency risk. It buys stocks whose present value is attractive in relation to Putnam's expectation for cash earnings, earnings and dividend growth. The investment horizon is 18 to 24 months.

Analysts or portfolio managers are in Boston, London and Tokyo.

Minimum account size for individual management is $10 million.

Net gain in U.S. institutional tax-exempt business Dec. 31, 1984, through March 31 was $135 million, all in foreign stocks.

Putnam has foreign currency hedging capacity, and is registered with the SEC.

The parent company and its subsidiaries managed total assets of $23.48 billion as of March 31.

Client contact is Stephen P. Langer, senior vice president-international equities product manager.

R

RepublicBank Dallas

P.O. Box 241 Dallas, Texas 75221; (214) 922-5857

Total assets managed	$7,718,000,000
Tax-exempt assets managed:	
Total	$5,259,000,000
Invested overseas	$23,000,000

RepublicBank Dallas, a subsidiary of RepublicBank Corp., managed $23 million in international accounts for U.S. tax-exempt clients as of March 31. Of that, $22.4 million was in foreign stocks and $598,000 in cash equivalents.

The equity assets were committed most heavily to Japan, 33%; the United Kingdom, 15.9%; France, 12.8%; Germany, 12.2%; and Sweden, 6.4%.

The entire $23 million was in commingled accounts.

RepublicBank uses an active approach to foreign markets and currencies and to stocks and industries, using top-down and bottom-up investment analysis. Its managers believe long-term success lies in proper country and security selection based on earnings and dividend growth. The overall objective is to maximize return and diversification of risk.

Minimum account size for individual management is $10 million.

Analysts or portfolio managers are in Dallas and Edinburgh, Scotland.

Net gain in U.S. institutional tax-exempt business for the year ended March 31 was $9 million, all in foreign stocks.

The client contacts are David J. Pittman, senior vice president and director-trust corporate marketing, and Vida S. Icenogle, vice president and director-investment marketing.

N.M. Rothschild International Asset Management Ltd.

New Court, St. Swithin's Lane, P.O. Box 185, London, EC4P 4DU, England; 011-441-280-5000

Total assets managed	$1,700,000,000
Tax-exempt assets managed:	

Managers ranked by U.S. tax-exempt assets in international and global accounts

	Name	$ mils.
1.	J.P. Morgan Investment Mgmt.	3,899
2.	Capital Guardian Trust Co.	2,283
3.	Fidelity International	2,130
4.	Templeton International	2,042
5.	First Chicago Investment	1,908
6.	Rowe Price-Fleming	1,718
7.	Morgan Grenfell Investment	1,658
8.	State Street Bank and Trust Co.	1,574
9.	Grantham, Mayo, Van Otterloo	1,561
10.	ABD International Mgmt.	1,300
11.	Baring International	969
12.	G.T. Capital Mgmt. Inc.	959
13.	Schroder Capital Mgmt.[4]	958
14.	N.M. Rothschild International	736
15.	BA Investment Mgmt.	594
16.	Putnam International Advisors	588
17.	Mellon-Pictet International	531
18.	PCM International	525
19.	Bessemer Trust Co.	507
20.	Nomura Capital Mgmt.	494
21.	Citicorp Investment Mgmt.	423
22.	Daiwa International Capital	390
23.	Warburg Investment Mgmt.[3]	346
24.	Kleinwort Benson International	320
25.	Chase Investors Mgmt.	315
26.	IDS International Inc.	265
27.	Lombard Odier International	234
28.	Fiduciary Trust Co. of N.Y.[1]	233
29.	Arnhold & S. Bleichroeder	230
30.	Martin Currie Inc.	185
31.	Brown Brothers Harriman	178
32.	Kemper-Murray Johnstone	178
33.	Capital Mgmt. International	175
34.	Frank Russell Trust Co.[2]	173
35.	Aetna MIM Asset Mgmt. Ltd	150
36.	Julius Baer Investment Mgmt.	143
37.	Scudder, Stevens & Clark	128
38.	American Express Asset Mgmt.	116
39.	Capital Research & Mgmt.	105
40.	Favia Hill & Associates	102
41.	Wellington Mgmt. Co.	102
42.	Batterymarch Financial[4]	101
43.	BEA Associates Inc.	98
44.	BT Investment Mgmt.	98
45.	Wertheim Philippe	94
46.	Thomas J. Herzfeld Advisors	85
47.	Barclays De Zoete Wedd	80
48.	Ivory & Sime International	79
49.	PM Portfolio Mgmt.	71
50.	SBC Portfolio Mgmt.	53
51.	Glenmede Trust Co.	50
52.	Wells Fargo Investment Advisors	50
53.	Nikko & Associates Inc.	42
54.	Van Eck Investments	36
55.	County Investment Mgmt. Ltd.	26
56.	RepublicBank Dallas	23
57.	Wardley Marine International	22
58.	Foreign and Colonial Asset	20
59.	Provident Capital Mgmt.	20
60.	Edinburgh-Wilmington	17
61.	Northern Trust Co.	15
62.	Simms Capital Mgmt.	15
63.	Alliance Capital	13
64.	Alexander, Scriver & Associates	12
65.	Equitable Life Assurance	8
66.	HT Investors Inc.	8
67.	Baillie Gifford (Overseas)	2
68.	AIG Global Investors Inc.	0
69.	European & Pacific Investment	0
70.	Henderson International Inc.	0
71.	Kangyo Kakumaru Capital Mgmt.	0
72.	Merrill Lynch Asset Mgmt.	0
73.	NCNB National Bank	0
74.	New Japan Capital Mgmt.	0
75.	Newport Pacific Mgmt.	0
76.	Touche Remnant Pension Mgmt.	0
77.	Travelers Asset Mgmt.	0
	TOTAL	**32,563**

[1]data as of Dec. 31, 1985
[2]includes Peoples National Bank of Washington
[3]includes C&S Investment Advisors Inc.
[4]includes The Vanguard Group

Total	$736,000,000
Invested overseas	$654,000,000

N.M. Rothschild International Asset Management Ltd., a subsidiary of N.M. Rothschild Asset Management (Holdings) Ltd., had $654 million of U.S. institutional tax-exempt assets invested in international accounts for six clients as of March 31.

Of that, $621.3 million was invested in foreign stocks, $26.16 million in foreign bonds, and $6.54 million in cash equivalents.

The equity assets were most heavily committed to Japan, 44%; France, 14%; Switzerland, 8%; Germany, 7%; and the United Kingdom, 7%.

The equity portion of the $62 million in global accounts was committed most heavily to the United States, 42%; Japan, 23%; France, 7%; Switzerland, 5%; and Germany, 4%.

It also managed $754 million for foreign pension funds March 31.

N.M. Rothschild International aims to add value in currency, market and stock selection. During a market cycle, most value is added by stock selection. There is concentration of selected stocks in selected markets.

Analysts and portfolio managers are stationed in London and Tokyo.

The minimum account size for individual management is $10 million.

The firm has foreign currency hedging capability and has been registered with the SEC since 1980.

The parent company and subsidiaries had total assets of $14 billion March 31.

The client contact is James Heyworth-Dunne, managing director.

Rowe Price-Fleming International Inc.

100 E. Pratt St., Baltimore, Md. 21202; (301) 547-2141

Total assets managed	$2,000,000,000
Tax-exempt assets managed:	
Total	$1,718,000,000
Invested overseas	$1,678,000,000

Rowe Price-Fleming International Inc. — a subsidiary of T. Rowe Price Associates, Robert Fleming Holdings and Jardine Fleming and Co. — had $1.678 billion in overseas accounts for 20 U.S. tax-exempt clients as of March 31. Of that, $1.596 billion was invested in foreign stocks, $16.7 million in foreign bonds and $65.4 million in cash equivalents.

The firm had $1.55 billion in international accounts, the equity assets of which were committed most heavily in Japan, 40%; the United Kingdom, 12%; Germany, 9%; France, 9%; and Italy, 7%.

It also had $173.1 million invested in global accounts, the equity assets of which were committed most heavily to Japan, 27%; the United States, 17%; the United Kingdom, 10%; France, 8%; and Germany, 8%.

Of the U.S. tax-exempt assets invested abroad, $13.7 million was in commingled accounts; $561.9 million was in mutual funds.

Rowe Price-Fleming features a flexible approach to international equity management. Maximum attention is accorded to asset allocation, geographical distribution and stock selection. Investments with respect to these three variables are based on disciplined analysis of economic, industry and individual company characteristics and trends.

Analysts or portfolio managers are in London; Baltimore; New York; Tokyo; Hong Kong; Kuala Lumpur, Malaysia; Melbourne and Sydney, Australia; Seoul, Korea; Taipei, Taiwan; the Philippines; Jakarta, Java; Geneva and Zurich, Switzerland; Paris; Frankfurt, W. Germany; and Bahrain.

Minimum account size for individual management is $10 million.

Net gain for the year ended March 31 was $9 million, all in non-U.S. stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1979.

The parent company and its subsidiary had $45 billion under management as of March 31.

The client contact is George A. Murnaghan.

Frank Russell Trust Co.

First Interstate Plaza, Tacoma, Wash. 98401; (206) 572-2282

Total assets managed	$2,482,000,000
Tax-exempt assets managed:	
Total	$2,482,000,000
Invested overseas	$173,000,000

Frank Russell Trust Co., an affiliate of Frank Russell Co., had invested $173 million in overseas markets for 136 U.S. tax-exempt clients as of March 31, all of which was invested in foreign stock through commingled accounts.

The equity assets were most heavily committed to two funds. The $123.77 million International I Fund was committed to Japan, 26%; the United Kingdom, 12%; Canada, 8%; Australia, 9%; and Germany, 9%. The $49.23 million International II Fund was committed to the Pacific Basin.

Frank Russell Trust offers two international funds for plan sponsors wanting to diversify beyond U.S. capital markets. Emphasis is on equity investments in major Pacific Basin and European countries. The funds are designed to benefit from the emerging strength of multinational companies and the internationalization of world markets.

Minimum account size for individual management is $1 million.

Net gain for the year ended March 31 was $81.07 million, all of which was for foreign stock.

It has non-U.S. currency hedging capability.

Total assets under management by the parent company and its subsidiaries was $4.567 billion March 31.

Client contact is Paul R. Kaltinick.

S

SBC Portfolio Management International Inc.

1 World Trade Center, Suite 9051, New York, N.Y. 10048; (212) 938-7465

Total assets managed	$282,000,000
Tax-exempt assets managed:	
Total	$58,000,000
Invested overseas	$43,000,000

SBC Portfolio Management International Inc., a subsidiary of Swiss Bank Corp., Basel, Switzerland, invested $43 million in overseas markets for five U.S. tax-exempt clients as of March 31. Of that, $42 million was invested in foreign stocks and $1 million in cash equivalents.

The firm managed $43 million in international accounts, the equity assets of which were committed most heavily to Japan, 51%; the United Kingdom, 10%; Spain, 9%; France, 6%; and Germany, 6%.

It also managed $10 million in global accounts, the equity assets of which were committed most heavily to the United States, 41%; Japan, 27%; the United Kingdom, 5%; Spain, 5%; and Germany, 3%.

Of the total assets under management, $224 million was for non-U.S. pension funds.

SBC uses a top-down, equity-oriented process for foreign investments combining its strength in economic and currency forecasting with expertise in fundamental stock valuation.

Minimum account size for individual management is $5 million.

Analysts or portfolio mangers are in Australia, Hong Kong, the United Kingdom, the United States, Switzerland, Japan and Singapore.

Net gain in U.S. institutional tax-exempt business for the year ended March 31 was $23 million, all of which was for foreign stock.

SBC has foreign currency hedging capability and has been registered with the SEC since 1982.

The client contacts are John W. Conlin and Rita J. Kleinman.

Schroder Capital Management International

1 State St., New York, N.Y. 10004; (212) 269-6500

Total assets managed	$1,285,000,000
Tax-exempt assets managed:	
Total	$958,000,000
Invested overseas	$958,000,000

Schroder Capital Management International, a subsidiary of Schroders PLC, London, managed $958 million in international and global accounts for 14 U.S. tax-exempt clients as of March 31. Of that, $901 million was invested in foreign stocks and $57 million in foreign bonds.

The firm managed $859 million in international accounts, the equity assets of which were committed most heavily to Japan, 45%; the United Kingdom, 15%; Germany, 9%; Switzerland, 7%; and France, 7%.

The firm also managed $99 million in global accounts, the equity assets of which were committed most heavily to Japan, 42%; the United Kingdom, 14%; Germany, 9%; Switzerland, 9%; and France, 6%.

Of total assets under management, $327 million was for non-U.S. pension funds.

Country allocation begins Schroder's investment process, with emphasis on stock selection in countries with the best economic prospects. Broad guidelines for country investment are based on two-year economic projections in order to quantify longer-term market opportunities. Within these guidelines, current asset allocation is determined based on shorter-term market considerations.

Schroders takes an active and aggressive approach to stock selection, with emerging growth stocks comprising the portfolios' cores.

Analysts or portfolio managers are in London; New York; Zurich, Switzerland; Tokyo; Hong Kong; Singapore; and Sydney, Australia.

Minimum account size for individual management is $5 million.

Net gain in U.S. tax-exempt institutional business for the year ended March 31 was $57 million, all for non-U.S. stock.

The firm has foreign currency hedging capability and has been registered with the SEC since 1980.

Total assets under management by the parent company and its subsidiaries was $16 billion as of Dec. 31.

The client contact is Sharon L. Haugh, first vice president and director-international marketing.

Scudder, Stevens & Clark

345 Park Ave., New York, N.Y. 10154; (212) 350-8200

Total assets managed	$31,508,000,000
Tax-exempt assets managed:	
Total	$11,726,000,000
Invested overseas	$464,000,000

Scudder, Stevens & Clark had $464 million in tax-exempt assets under management in non-U.S. markets as of March 31.

Separately managed international accounts for six U.S. tax-exempt clients held $122 million. Two separately managed global accounts held $5.7 million. The remaining $340 million represented the portion of domestic portfolios invested overseas.

In addition, a major portion of the $595 Scudder International Fund represents investments by U.S. tax-exempt clients.

International equity assets were committed most heavily to Japan, 23%; the United Kingdom, 14%; France, 9%; Belgium, 8%; and Germany, 8%. Global equity assets were committed most heavily to the United States, 37%; Japan, 30%; the United Kingdom, 13%; Belgium, 12%; and the Netherlands, 8%.

The firm's investment approach is both top-down and bottom-up. In-depth security analysis is meshed with global economic assessments and local market and currency factors.

Analysts or portfolio managers are in New York, Boston and Los Angeles.

Minimum account size for individual management is $5 million.

Additional tax-exempt money is managed in the Japan Fund and the Korea Fund.

The firm has foreign currency hedging capability and has been registered with the SEC since 1940.

Client contact is Victoria Herget, principal, at (312) 861-2700.

Simms Capital Management

7 E. 76th St., New York, N.Y. 10021; (212) 861-2830

Total assets managed	$201,000,000
Tax-exempt assets managed:	
Total	$47,000,000
Invested overseas	$5,000,000

As of March 31, Simms Capital Management Ltd. had $5.2 million invested in overseas equity markets for one tax-exempt U.S. institutional client.

The firm also had $15.2 million in global accounts, the equity assets of which were committed most heavily to the United States, 35%; Japan, 29%; France, 9%; Italy, 7%; and Belgium, 4%. The firm's investment approach blends macroeconomic country allocation with growth and value-oriented security selection. The process begins with a macroeconomic and financial market overview, and within that framework rigorous growth and value criteria are applied for individual security selection.

Minimum account size for individual management is $10 million.

Net gain for the year ended March 31 for U.S. institutional tax-exempt business was $15.2 million, all of which was in foreign stocks.

The firm has foreign currency hedging capability and has been registered with the SEC since 1984.

Client contact is Arthur Williams III.

State Street Bank and Trust

225 Franklin St., Boston, Mass. 02110; (617) 786-3000

Total assets managed	$17,566,000,000
Tax-exempt assets managed:	
Total	$14,895,000,000
Invested overseas	$1,574,000,000

State Street Bank and Trust Co., a subsidiary of State Street Boston Corp., managed $1.574 billion in international accounts for 19 U.S. tax-exempt institutional clients as of March 31. Of that, $1.566 billion was invested in foreign stocks and $8 million in cash equivalents.

The equity assets were committed most heavily to Japan, 49%; the United Kingdom, 16.9%; Germany 9.2%; France, 4.2%; and Italy, 4.1%.

The bank also had $171 million under management for non-U.S. pension funds.

Of the U.S. tax-exempt assets invested abroad, $437.2 million was in commingled accounts and $1.574 billion in index funds.

State Street's investment approach is to offer flexible, quantitatively driven funds based on the EAFE. These include index funds designed to replicate EAFE; country selection funds which index to selected country markets; and high-value portfolios, which weight countries and industries the same as EAFE but invest only in about one-third of the issues, based primarily on price to cash flow, earnings and book value. Combinations are available.

Minimum account size for individual management is $10 million.

Net gain in U.S. tax-exempt institutional business for the year ended March 31 was $545.8 million.

State Street has foreign currency hedging capability.

Client contact is Harry Sterling, vice president, at (617) 654-3236.

t

Templeton International

P.O. Box N-7776 Lyford Cay, Nassau, Bahamas; (809) 326-4600

Total assets managed	$8,558,000,000
Tax-exempt assets managed:	
Total	$2,042,000,000
Invested overseas	$2,042,000,000

Templeton International, a subsidiary of Templeton, Galbraith & Hansberger Ltd., has $2.042 billion of U.S. institutional tax-exempt assets invested in global accounts for 82 clients.

The equity assets of the accounts were most heavily committed to the United States, 60%; Canada, 9.5%; Australia and New Zealand, 9%; the

We are pleased to announce that

GIRISH V. REDDY

has joined our firm as

Senior Vice President

LELAND O'BRIEN RUBINSTEIN ASSOCIATES, INCORPORATED
707 Wilshire Boulevard
Los Angeles, CA 90017

Far East, 4%; and the Netherlands, 4%. The firm has $102 million of U.S. tax-exempt assets invested in mutual funds.

The Templeton investment approach is based on fundamental research and analysis. Research is worldwide and governed by three elements: security valuation levels are determined using a five- to six-year time range; assurance is made that growth and value are not mutually exclusive; the approach is flexible in so much as new methods of evaluating securities are constantly being tested.

The minimum account size for individual management is $10 million.

It has analysts or portfolio managers in Fort Lauderdale, Fla., Nassau and London.

In the year ended March 31, Templeton International reported a $913 million net gain, entirely for foreign stocks.

The firm's parent company and subsidiaries had $8.558 billion in total assets under management as of March 31.

The client contact is Kenneth Scislaw, marketing/new business division.

Touche Remnant Pension Fund Management Ltd.

Mermaid House, 2 Puddle Dock, London, England EC4V 3AT; 011-441-236-6565

Total assets managed $1,650,000,000

Touche Remnant Pension Fund Management Ltd. presently does not manage any foreign assets for U.S. tax-exempt clients.

Its active investment approach is equity-oriented, emphasizing asset allocation among major world markets, with security selection favoring growth companies supported by capable management and strong balance sheets, regardless of size. Currency hedging is undertaken when appropriate.

Minimum account size for individual management is $5 million.

The firm has a non-U.S. currency hedging capability. It has been registered with the SEC since 1981.

The parent company, Touche Remnant Holdings Ltd., and subsidiaries had $5.2 billion under management as of March 31.

Client contact is David H. Carter, director.

Travelers Asset Management International Corp.

122 E. 42nd St., Suite 3506, New York, N.Y. 10017; (212) 867-6233

Total assets managed $1,096,000,000

Travelers Asset Management International Corp., a subsidiary of The Travelers Corp., invests in U.S. domestic and Eurodollar fixed-income securities on behalf of offshore and U.S.-based taxable insurance companies.

Its primary strategy is interest rate anticipation carried out with an orientation toward intermediate securities and limited principal risk through the use of Eurodollar fixed- and floating-rate issues.

It has the ability to hedge non-U.S. dollar investments in the forward foreign exchange markets and has been registered with the SEC since 1982.

The client contact is Werner R. Genieser, senior vice president.

V

Van Eck Investments

122 E. 42nd St., New York, N.Y. 10168; (212) 687-5200

Total assets managed	$40,000,000
Tax-exempt assets managed:	
Total	$40,000,000
Invested overseas	$36,000,000

Van Eck Investments, a subsidiary of Van Eck Financial Services, had $40 million in tax-exempt assets under management as of March 31. Of that, one client: $32 million in foreign stocks and and $4 million in cash equivalents.

The firm's investment philosophy is to identify long-term trends and translate them into investment themes in the structuring of a portfolio. Global industry studies are used to compare companies as a bottom-up approach that complements the identification of trends.

Minimum account size for individual management is $1 million.

The firm has foreign hedging capability and has been registered with the SEC since 1985.

Total assets under management by the parent company and its subsidiaries totaled $800 million March 31.

Client contact is William D. Jones.

W

Warburg Investment Management International

33 King William St., London EC4R 9AS, England; 011-44-1-280-2474

Total assets managed	$459,000,000
Tax-exempt assets managed:	
Total	$346,000,000
Invested overseas	$338,000,000

Warburg Investment Management International Ltd., a subsidiary of Mercury Asset Management Ltd., London, invested $337.6 million of U.S. institutional tax-exempt assets in foreign markets for 11 clients as of March 31. Of that, $327.2 million was in foreign stocks and $10.4 million was in cash equivalents.

The equity assets of the firm's $325.7 million in international accounts were committed most heavily to Japan, 45%; West Germany, 11%; Switzerland, 9%; France, 7%; and Italy, 6%.

Equities of the firm's $19.9 million in global accounts were committed most heavily to the United States, 34%; Japan, 24%; Germany, 10%; Switzerland, 7%; and France, 4%.

The firm also managed $13 million for foreign pension funds March 31.

The firm had $130.1 million of U.S. tax-exempt assets in mutual funds.

Warburg Investment is an active international investment manager using a combination of top-down and bottom-up techniques. Organizational strength and substantial research are stressed.

It has analysts or portfolio managers in London and Tokyo.

Minimum account size for individual management is $5 million.

For the year ended March 31, Warburg reported a net gain of $83.8 million in U.S. tax-exempt institutional business: $23.3 million for foreign stock and $60.5 million for foreign bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1976.

The parent company and subsidiaries had total assets of $18 billion under management March 31.

The client contact is John G. Townsend, in New York at (212) 415-1925.

Wardley Marine International Investment Management

250 Park Ave., New York, N.Y. 10177; (212) 503-2741

Total assets managed	$121,000,000
Tax-exempt assets managed:	
Total	$22,000,000
Invested overseas	$22,000,000

Wardley Marine International Investment Management Ltd., a subsidiary of Wardley Investment Services Ltd./Marine Midland Bank Inc., Hong Kong, had $21.6 million of U.S. institutional tax-exempt assets invested in an international account for one client as of March 31. All of that was in foreign stocks.

The assets were committed most heavily to Japan, 34%; the United Kingdom, 15%; France, 10%; Italy, 10%; and Germany, 10%.

The firm also managed $34.5 million

All of the tax-exempt U.S. assets invested abroad were in commingled accounts.

Wardley Marine, a top-down investor, emphasizes geographic/currency allocation. The managers are value-oriented fundamentalists who seek to purchase stocks with outstanding earnings growth potential.

Portfolio managers or analysts are in London, Hong Kong, Australia, Japan, Singapore and New York.

The minimum account size for individual management is $5 million.

The firm has foreign currency hedging capability and has been registered with the SEC since 1982.

The parents and subsidiaries had $7 billion under management March 31.

Client contact is Deborah G. George.

Wellington Management Co./Thorndike, Doran, Paine & Lewis

28 State St., Boston, Mass. 02109; (617) 742-8100

Total assets managed	$25,810,000,000
Tax-exempt assets managed:	
Total	$8,079,000,000
Invested overseas	$295,000,000

Wellington Management Co./Thorndike, Doran, Paine & Lewis invested $295.2 million in overseas markets for 83 U.S. tax-exempt clients as of March 31. Of that, $284.3 million was invested in foreign stocks, $7.5 million in foreign bonds and $3.4 million in cash equivalents.

The firm managed $101.7 million in international accounts, the equity assets of which were committed most heavily to France, 17.8%; Germany, 7.8%; Japan, 29.7%; the Netherlands, 9.7%; and Switzerland, 8.8%.

Of the U.S. tax-exempt assets invested abroad, $34.6 million was in commingled accounts.

Wellington Management purchases international equities from a diversified and dynamic universe of foreign growth companies based on fundamental company analysis and country valuation. International bond portfolios emphasize asset allocation among bond markets of various countries based on relative country valuations.

Portfolio managers and analysts are in London, Boston, Atlanta and Valley Forge, Pa..

Minimum account size for individual management is $10 million.

Net gain in U.S. tax-exempt institutional business for the year ended March 31 was $4.7 million: $2.7 million for foreign stock and $2 million for foreign bonds.

The firm has foreign currency hedging capability and has been registered with the SEC since 1960.

Client contact is Dena G. Willmore, senior vice president.

Wells Fargo Investment Advisors

50 California St., San Francisco, Calif. 94111; (415) 434-6024/6025

Total assets managed	$33,569,000,000
Tax-exempt assets managed:	
Total	$32,441,000,000
Invested overseas	$50,000,000

Wells Fargo Investment Advisors, a subsidiary of Wells Fargo and Co., had $50 million of U.S. institutional tax-exempt assets invested in global accounts for two clients as of March 31. All of those assets were in foreign stocks.

The global accounts were most heavily committed to Japan, 54.7%; the United Kingdom, 18.4%; Germany, 9.6%; France, 4.8%; and Switzerland, 4.1%.

The firm also had $104 million under management for foreign pension funds.

All of the U.S. tax-exempt assets invested abroad were in index funds.

Wells Fargo Investment Advisors approaches international investment through the use of an index fund that holds more than 600 non-U.S. stocks, representing the nine most highly capitalized countries (excluding Italy) in which U.S. capital investment is deemed prudent. This approach offers returns of a broad group of foreign equity markets and reduces total portfolio risk.

The minimum account size for individual management is $100 million.

The firm has been registered with the SEC since 1985.

The parent and subsidiaries had $34.79 billion under management as of March 31.

The client contacts are Michael J. Henman and Thomas A. Middleton, vice presidents.

Wertheim Philippe International

230 Park Ave., New York, N.Y. 10169; (212) 370-6140

Total assets managed	$449,000,000
Tax-exempt assets managed:	
Total	$94,000,000
Invested overseas	$77,000,000

Wertheim Philippe International, a joint venture between Wertheim Asset Management and the Philippe Group, managed $77 million in overseas markets for three U.S. tax-exempt clients as of March 31. All of the assets were in foreign stocks.

The firm managed $94.4 million in global accounts, the equity assets of which were most heavily committed to Japan, 26%; the United States, 16%; Germany, 11%; the United Kingdom, 10%; and the Netherlands, 7%.

Of the total assets under management, $381.6 million was for non-U.S. pension funds.

Wertheim Philippe uses a top-down and bottom-up methodology. Equal weight is placed on country, sector and stock decisions. Moderate use is made of cash equivalents. Portfolios are diversified with about 100 securities, and about one-third of the holdings are in small-capitalization issues.

Analysts or portfolio managers are in New York, Paris and Luxembourg.

Minimum account size for individual management is $10 million.

Net gain for U.S. tax-exempt institutional business for the year ended March 31 was $58 million, all in non-U.S. stock.

The firm has been registered with the SEC since 1982.

Assets under management by the parents and subsidiaries totaled $2.122 billion as of March 31.

The client contact is Steven W. Golann, managing director.

Custodians . . .

Continued from page 15

don office.

"Basically, the global custodian provides settlement of securities transactions, safe keeping and reporting services of all overseas transactions," Mr. Kay said. "The master trustee is effectively the record keeper for the pension fund."

"The global custodian can make the difference between a successful and an unsuccessful international investment program," said Ron Golz, executive vice president of State Street Bank.

"Because the sponsor who decides to invest overseas for the first time is walking into unexplored water, the role the global custodian plays is to guide him through those waters," he said. "Settlement procedures are different in every country and corporate actions are different."

Mr. Golz noted the settlement process in the United States is relatively efficient.

"Every trade is settled within five days and one deals in the same language and currency," he said. "Also, corporate actions are well monitored; automated depositories eliminate physical delivery or re-registration of securities.

"We are spoiled in the U.S. and we feel it must be the same overseas. But in Hong Kong, things are settled the next day. In the U.K., it's done in two weeks. In Australia, there is no scheduled settlement date, it settles when delivered . . .

"Why should the plan sponsor be worried about all this plumbing? (That) is what a global custodian is paid to worry about. If we're doing our job right, the client thinks the international markets are as efficient as our own."

American Can's Mr. Kelly emphasized it pays to take time in seeking a global custodian.

"It pays to shop for services. The fees charged can vary greatly on trustees," he said. "It does pay to comparison shop."

The complex nature of the global custodian's work can cause the fees to be higher than they are for domestic custody, said Chase's Mr. Kay.

"The starting point for basic global custodial service is around 18 basis points (of the assets in global custody) for the provision of accounting and valuation in multicurrencies, which pension funds need," he said. "Often global custodians will have a fee schedule starting at around 25 to 26 basis points."

In most cases, global custodians offer a decremental fee scale: The more assets held in custody, the less will be the fees.

"This could take the overall cost down into the 12 to 15 basis point range," Mr. Kay said.

"The global custodian has to pay transaction charges associated with a particular market. These are absorbed by the custodian so the cost of services can depend on the country breakdown desired by the client."

Ms. Debatin, the international consultant, emphasized it is important for pension fund executives to seek a good match between their needs and what the global custodian offers.

"When I'm doing a master trust selection and the fund has an international element, I know one of the key items will be global custody," she said. "Then I have to figure out who has a product and a service."

In the top group, she looks for quality of agent network, experience, and whether the bank has on-line systems so the client can go to a manager and look at the portfolio, she said.

"The client has to understand that not only does a global custodian settle through the agent network, but (the custodian also) should be providing performance measurement on international or global portfolios," she said.

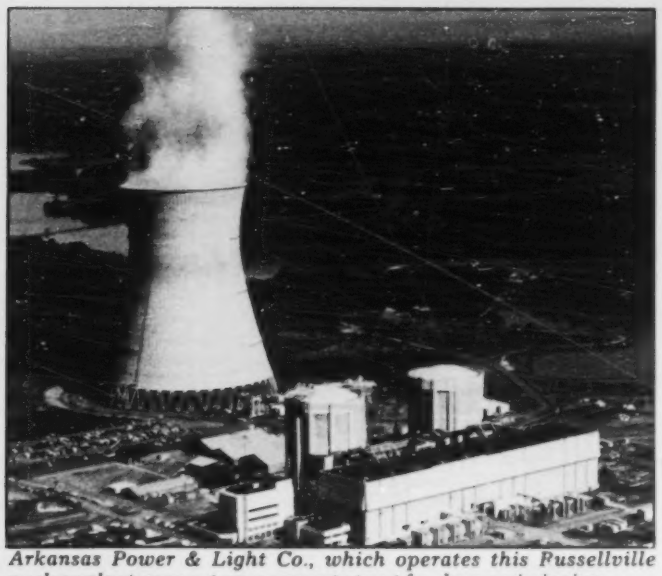
2 join to launch management firm

Credit Commercial de France, a major French bank, and MacKay-Shields Financial Corp., New York, have formed a joint international money management venture, CM International Associates Ltd., said John O'Brien, president

The firm will open its main office in London later this year. Juan de Liedekerke will be president and chief executive officer.

It will manage tax-exempt assets for U.S. pension funds, insurance companies and assets

Cash Management



Arkansas Power & Light Co., which operates this Russellville nuclear plant, may set up a separate trust for decommissioning.

Utilities start funds for plant shutdowns

By Chuck Paustian

Electric utility companies are amassing millions of dollars in separate accounts designated to meet the future costs of decommissioning their nuclear power plants.

The various state public service commissions require the utilities to accumulate, during the life of the facility, the necessary funds for dismantling the nuclear units.

Although current funding requirements vary from state to state, the establishment of special accounts, segregated from the rest of the company's assets, is growing in popularity.

- Florida Power & Light Co., Miami, internally manages a $52 million trust designated for decommissioning four nuclear units, said E.L. Hoffman, assistant treasurer.
- Louisiana Power & Light Co., New Orleans, has proposed setting up an external trust fund to meet the decommissioning costs for its reactor, said E.W. Tregre, public information manager.
- Arkansas Power & Light Co., Little Rock, is reviewing its funding method and considering setting up a separate trust and possibly moving the assets to external managers, said John J. Harton, vice president, treasurer and assistant secretary.

Some investment management firms, such as BEA Associates Inc., New York, are looking at these pools of capital as sources of new business.

These assets differ from typical corporate cash accounts in that the investment horizon covers a much longer time period.

Apparently, there is no one source of just how much money has been accumulated for decommissioning.

Ted Gradin, director of finance at the Edison Electric Institute, Washington, said a 1983 paper estimated the cost of decommissioning, in 1983 dollars, was about $100 million per nuclear unit, based on current technology and practices.

Mr. Gradin also said that cost, carried out at a rate of 7% annually for 30 years, would grow to about $750 million per unit.

Now, 102 reactors have been built and would require decommissioning. Sixteen reactors are in various stages of construction.

During the life of those 118 nuclear units, utility companies would amass a total of about $88.5 billion for decommissioning.

(Not every utility sets up separate trust funds for decommissioning. Industry experts, however, said the separate trusts are becoming more prevalent.)

The relative youth of the nuclear industry, however, creates a number of uncertainties regarding the reactors. Because of this, companies are required to plan for the decommissioning as soon as the units become commercially operative.

A number of states, including Wisconsin, Connecticut, Missouri, Virginia and Pennsylvania, require utility companies to segregate the decommissioning funds from other corporate assets in external trusts.

Other states, such as Florida, require the assets be placed in a separate trust, but the trust can remain within the company.

Steven Kihm, financial economist with the Public Service Commission of Wisconsin, said the state prefers the separate trusts because of the uncertainty the future holds.

"If (the utilities) do get into trouble, we'd like to have that money in trust," he said. Wisconsin was one of the first states to require utilities to separate the decommissioning assets into an external trust fund.

Mr. Kihm said some states do not require the company to segregate assets into trust funds.

"It's usually run through depreciation as a negative salvage amount," he said. This accounting technique allows the company to improve its cash flow and reduce the need to borrow capital.

"They use the money to build assets free and clear of debt. When decommissioning comes, they can use those assets to borrow the cost of the decommissioning.

"We had a problem with that because it assumes an on-going concern."

Mr. Kihm also said those assets

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Electronic system revs up

Automakers are on the road to paperless payments

By Barry B. Burr

The three major automobile companies are beginning to move to more paperless communications with their suppliers, although only General Motors Corp., Detroit, is close to putting its vendors on an electronic payment system to eliminate paying by check.

The companies are going at various paces and are pursuing different paths toward making communications with suppliers completely electronic, from purchase orders and invoicing to payment and remittance information.

- Chrysler Corp., Detroit, has a campaign to get major suppliers to send invoices electronically, according to Henry Nauka, general supervisor-accounts payable.
- Ford Motor Co., Dearborn, Mich., has been eliminating invoices entirely for more than a year at its body and assembly operations. Instead, it pays suppliers by reconciling purchase orders and advance shipping notices, both of which are sent electronically between the company and suppliers at 1,300 locations, said Edward N. Wong, production control specialist.
- General Motors has four suppliers on an experimental electronic payment and remittance information system, operated through the First National Bank of Chicago, according to industry sources. They said the company expects to put all suppliers on the system soon (*Pensions & Investment Age*, July 21). GM and First Chicago officials declined to comment.

According to suppliers and other industry officials, obstacles in implementing the system center largely on devising a standard for the industry, and eventually for all business, and renegotiating terms of payments sent electronically instead of by check.

Without an industry standard, each supplier would have to use different electronic formats to communicate the same information with each purchaser, a deterrent to the adoption of a paperless system, according to Michael Gerus, communications facilitator of the Detroit-based Auto Industry Action Group, which was organized five years ago to improve the competitiveness of the North American auto industry.

The automakers, along with other vehicle manufacturers, such as Caterpillar Tractor Co., parts suppliers and bankers, have been meeting together as members of the Auto Industry Action Group to devise common standards for communicating supplier-related information electronically.

"We are developing a standard way of electronically communicating the same information from one company to another," said Dennis M. Dupre, manager-general accounting, Holley Automotive Division, Warren, Mich., a supplier.

The AIAG isn't looking to standardize renegotiating paper-based payment terms for electronic payments, he added, saying each supplier would continue to negotiate its own terms with the companies.

GM possibly could adopt payment terms used by its GM Canada Ltd. subsidiary.

Its Oshawa, Ontario-based unit first began a program to pay Canadian suppliers electronically in January 1984, according to Richard Crouse, general supervisor-disbursement controls at GM Canada. About 75% of its Canadian suppliers are on the system.

He said GM Canada renegotiated terms on the availability of funds across the board "to protect our float from the loss of mail time." It customarily pays suppliers, both those receiving payments electronically and by check, on the 25th of each month. But GM Canada doesn't allow electronic recipients availability of funds until opening of business on the 28th, or if it falls on a weekend or holiday, on the first working day afterward.

Because many suppliers continue to receive payment by check,

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Citicorp notes set new standard

By Barry B. Burr

NEW YORK — Citicorp has adapted the concept of longer-term floating-rate notes to break new ground in commercial paper.

In two recent issues of $250 million each, Citicorp tied the yields to floating rates and sold the paper at par, paying interest monthly instead of by discounting the price.

According to Wayne R. Gorman, vice president, the Citicorp issues were the first of their kind, providing longer-term funding in a market dominated by shorter-term-oriented investors.

A major commercial paper issuer who was not involved with the Citicorp deals said the issues appear to adapt to the public market floating-rate terms typically available from master notes, which are essentially short-term privately placed borrowings with bank trust departments.

But Mr. Gorman said, "I would say the issues adapted the concept of longer-term floating-rate notes, rather than master notes."

As he and others noted, the Citicorp issues, unlike master notes, guarantee funding until maturity, besides being publicly tradable.

Citicorp sold within three days in July two similar issues of 270-day paper — one whose yield is adjusted daily, the other whose yield is adjusted every 30 days.

Mr. Gorman estimates the immediate result of the new issues was that Citicorp paid three basis points more in yield on the daily adjustable and three to five basis points more on the monthly adjustable than it would have had it issued overnight and 30-day commercial paper.

"That's the price I pay for 270-day liquidity," he said.

"What I needed was long-term liquidity with short-term rate

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Payden & Rygel index of short maturity assets*
(for month ended June 30)

	June 1986	Quarter ended 6/30/86	Year to date	12 months ended 6/30/86	Yield level monthly change*
	Unannualized total returns				
90-day					
U.S. Treasury bill	0.5910	1.6779	3.6340	7.5412	−36
Domestic CD	0.6043	1.8351	3.9083	8.0830	−23
Euro $ CD	0.6286	1.8711	3.9803	8.2319	−30
180-day					
U.S. Treasury bill	0.7447	1.7909	4.0241	8.0756	−48
Domestic CD	0.6853	1.9687	4.1627	8.3506	−31
Euro $ CD	0.7381	2.0111	4.2098	8.5101	−40
1-year					
U.S. Treasury note	0.9774	1.9571	4.6571	9.0178	−47
2-year					
U.S. Treasury note	1.5777	1.9575	5.8903	11.9873	−85

*Figures are unannualized total returns. Year-to-date and 12-month figures linked monthly. 90- and 180-day Treasury bill yield level changes on discount basis.
*Basis points.
Source: Payden & Rygel, Los Angeles

Institutional investors feel impact

Senate tax bill to affect mutual funds

By Richard J. Gillespie

WASHINGTON — Mutual fund performance will be impaired and fund costs increased by little-noticed provisions slipped into the Senate tax bill, industry officials say.

Mutual funds have become increasingly popular retirement vehicles, particularly with the rise of 401(k) plans and individual retirement accounts. *Pensions & Investment Age* estimates institutional investors poured $35 billion into mutual funds, as of March 31.

A Senate proposal to make mutual funds conform to the calendar year, although primarily an obstacle to mutual-fund administration, also would affect institutional investors, the mutual fund officials said.

They said added costs would boost mutual fund fees, which are subtracted from investment returns. In addition, mutual funds could be forced to freeze investment activity for the month of December to close out their books without chalking up new realized gains or losses.

Or, funds could try fine tuning their distributions to avoid one potential tax problem, but could risk loss of their tax qualification if they are substantially off.

The Senate proposal will create an "impossible" administrative burden, and affect investment performance, according to William J. Nutt, senior executive vice president of The Boston Co. Inc., Boston, which administers 102 funds with a total of $35 billion.

"It will simply jam up the works in the back office of brokerage firms, and mutual funds will become a much less attractive product because of that," he said.

"I can appreciate why the provision is being considered, but for all of us with large mutual fund complexes, our accountants and lawyers stagger the fiscal years of our funds to be able to sequence the work in an efficient manner. If everybody is forced to have the same fiscal year, it will make it very difficult," said Dozier Gardner, president of Eaton Vance Management, Boston, which has $4 billion under management and 24 mutual funds.

Mutual funds now have different fiscal years, often deliberately to spread out their administrative work load, which he said also benefited the regulatory agencies and the U.S. mails.

But a provision contained in the Senate's version of the tax overnaul bill mandates all regulated investment companies adopt a calendar year for taxable years beginning after Dec. 31, 1986.

The Senate and House versions are now being hammered into one bill in a conference committee.

A second provision would impose a 5% non-deductible excise tax on investors' so-called "spillover" dividends, which are paid out for the time between when the fund's fiscal year and the calendar year end.

While the proposals would be "entirely tax neutral," Mr. Nutt warned they would create an enormous December peak in the work load, not just for mutual fund sponsors, but also for the Securities and Exchange Commission, the Internal Revenue Service and even the U.S. Postal Service.

Far from simplifying the tax system, the two proposals would overcomplicate it, according to Mr. Nutt.

"Unlike a corporation or an individual (which get up to five months to calculate taxes), a mutual fund would be expected to compute its taxable income between 4:30 p.m. and (midnight) on Dec. 31. Despite all the advances we have had in computing and accounting, this is simply impossible to do," he said.

The excise tax on spillover dividends, he said, was intended to represent a kind of interest charge paid to the U.S. Treasury and related to the delay in receipt of taxable income.

Mutual funds pay spillover dividends because, under current tax law, they must pay out more than 90% of income and capital gains in a calendar year or lose their tax status.

A mutual fund whose year ends Nov. 30 then might pay out a "spillover" dividend in January to reconcile its books with the tax law. But the dividend paid out is not taxed until the following year.

The provision seeks to minimize the delay in the federal government's receipt of taxes by forcing mutual funds into compliance through the excise tax, Mr. Nutt said.

"This is not a one-time tax, but rather an on-going, continuous penalty for not being able to predict the future exactly," said Mr. Nutt, who is on the board of governors of the Investment Company Institute, the mutual fund trade group based in Washington.

"Failure to calculate and distribute sufficient income (by midnight Dec. 31) would result in a 5% penalty tax, which would be non-deductible in arriving at taxable income.

"If the calculation in the pre-midnight hours turns out to be too high, an overdistribution would result. Such overdistribution would burden the shareholders with recordkeeping related to tax-basis adjustments."

If a fund is frozen in December, no capital gains or losses would be realized for the month, in which case it would be much easier to calculate income, gains and losses for the year Nov. 30.

"This alternative leaves the fund and its shareholders in a very vulnerable position with a frozen portfolio, which could be dramatically affected by market changes," he said.

A second option would be to try to more closely estimate distributions to avoid paying spillover dividend, he said.

"However, if a fund underestimates its income and gain and thus the amount paid in December, it might lose its tax qualification as a regulated investment company. Even if it did, it would be subject to tax on the distributable income and net capital gains that it did not pay out in December," he said.

Another tax reform proposal also affects the tax deductibility of mutual fund expenses, including investment advisory fees.

While it is not certain how this third proposal would work, it is possible that taxable mutual fund shareholders would be taxed on their pro rata share of gross income, rather than dividends received.

According to Mr. Nutt, the mutual fund industry has a good chance of knocking down the proposals.

He said that a representative of the mutual fund industry had recently met with Rep. Charles B. Rangel, D-N.Y., and Rep. Ronnie G. Flippo, D-Ala., to discuss the provisions.

Gas Works proceeds on restructuring

PHILADELPHIA — Trustees of the $167 million Philadelphia Gas Works Retirement Reserve Fund will restructure the fund even though they can't obtain fiduciary liability insurance.

Curtis O. Townsend, deputy director of finance-pension fund asset manager for the city, said the members of the Sinking Fund Commission, which oversees the investment of the fund, unanimously decided they were sufficiently covered.

He said Harold Polt, chairman of the commission, decided the fiduciary liability insurance he had as chief executive officer of Fidelity Bank, Philadelphia, was adequate. The other two members of the commission are covered by insurance provided by the city.

Trustees had postponed the restructuring because they couldn't get insurance coverage (*Pensions & Investment Age*, April 28).

Mr. Townsend said the fund will hire six new investment managers, for a total of $131.2 million.

Four managers will be hired for equity portfolios of $15.8 million each: Pilgrim, Baxter, Hoyt & Greig, Wayne, Pa.; Dawson-Henry Capital Management, New York; Morgan Stanley Asset Management Inc., New York; and First Pennsylvania Bank, Philadelphia.

Two will be hired for bond portfolios of $34 million each: Fidelity Bank and First Boston Asset Management, New York.

Miller, Anderson & Sherrerd, Bala Cynwyd, Pa., which had been the fund's lone external manager, is being retained to run a $20 million equity portfolio.

The assets allocated to the new managers previously had been managed internally.

The balance of the fund's assets, about $15 million, is earmarked for future investment in alternative asset classes, he said. ■

100 largest investment institutions ($ mil.)

Because of computer difficulties, the listing of the 100 largest financial institutions, published July 7, was incorrect. Below is the correct list. The assets shown are as of Jan. 1 and include subsidiaries.

1.	Prudential Insurance Co.	123,200
2.	Metropolitan Life Insurance	94,080
3.	Equitable Life Assurance	91,400
4.	Chase Manhattan Corp.	87,687
5.	Aetna Life and Casualty	83,484
6.	American Express	74,777
7.	Merrill Lynch & Co.	58,774
8.	Security Pacific Corp.	53,600
9.	Citicorp	49,700
10.	Wellington Mgmt./TDP&L	48,245
11.	Bankers Trust	46,860
12.	Travelers Insurance Co.	45,254
13.	TIAA-CREF	45,000
14.	FMR Corp.	40,000
15.	J.P. Morgan & Co.	39,843
16.	CIGNA Corp.	39,000
17.	John Hancock Mutual Life	37,088
18.	Mellon Bank	34,240
19.	Wells Fargo & Co.	33,546
20.	Sears Roebuck*	32,786
21.	California Public Employees	32,700
22.	Wachovia Bank	31,786
23.	Dreyfus Group	31,000
24.	New York Life Insurance	31,000
25.	State Farm Group	30,000
26.	New England Mutual Life	29,379
27.	Scudder Stevens & Clark	28,530
28.	Kemper Corp.	28,355
29.	N.Y. State Common Fund	27,948
30.	General Electric Co.	26,400
31.	Manufacturers Hanover	26,160
32.	The Capital Group	24,309
33.	First Interstate Bank Corp.	23,000
34.	First Chicago Corp.	20,803
35.	Marsh/McLennan/Putnam	19,357
36.	T. Rowe Price Associates	18,600
37.	Northern Trust Corp.	18,000
38.	Hartford Life Insurance Co.	17,742
39.	N.J. Division of Investment	17,500
40.	BankAmerica Corp.	17,227
41.	Franklin Resources Inc.	17,000
42.	New York State Teachers	16,861
43.	Northwestern Mutual Life	16,784
44.	E.F. Hutton Group	16,000
45.	Massachusetts Mutual Life	15,579
46.	Texas Teachers Retirement	15,400
47.	American General Corp.	15,300
48.	Bankers Life	15,149
49.	Pacific Mutual Life	15,093
50.	Chemical New York Corp.	15,013
51.	Van Kampen, Merrit	14,706
52.	State St. Bank and Trust	14,454
53.	CNA Financial	14,169
54.	Wisconsin Investment Board	14,088
55.	Wilmington Trust Co.	14,000
56.	Lincoln National Corp.	13,550
57.	JMB Realty Corp.	13,400
58.	Harris Bankcorp Inc.	12,900
59.	MONY	12,806
60.	PMC Financial Corp.	12,610
61.	Delaware Mgmt. Co.	12,409
62.	Fidelcor	12,000
63.	Ohio Public Employees	12,000
64.	Batterymarch Financial Mgmt.	11,905
65.	Michigan State Employees	11,882
66.	The Criterion Group	11,500
67.	Fiduciary Trust of N.Y.	11,216
68.	U.S. Trust Co.	11,154
69.	Nationwide Mutual Insurance	11,115
70.	Ohio State Teachers	11,100
71.	Bank of New England Corp.	10,900
72.	Continental Ill. Corp.	10,839
73.	Stein Roe Farnham	10,800
74.	AmeriTrust	10,406
75.	First Bank Systems	10,400
76.	Mass. Financial Services	10,325
77.	Mitchell Hutchins Asset Mgmt.	10,301
78.	Liberty Mutual	10,000
79.	Oppenheimer Holdings Corp.	10,000
80.	Washington Investment Board	9,900
81.	Brown Brothers Harriman	9,847
82.	Minn. Board of Investments	9,800
83.	Neuberger & Berman	9,587
84.	Mutual Benefit Life	9,444
85.	N.C. Retirement System	9,359
86.	Bank of New York	9,200
87.	Trust Co. of the West	9,110
88.	Fayez Sarofim	9,061
89.	Boatmen's Bank Shares	9,000
90.	Endowment Mgmt./Research	9,000
91.	Continental Corp.	8,838
92.	Fischer Francis Trees & Watts	8,800
93.	Miller Anderson & Sherrerd	8,400
94.	Connecticut Mutual Life	8,355
95.	NBD Bancorp	8,190
96.	U.S. Steel & Carnegie	8,100
97.	INVESCO	8,000
98.	Rothschild Inc.	8,000
99.	Centerre Trust	7,984
100.	Transamerica	7,805

* estimate

Funds lag . . .

Continued from page 3

representing 60% of the mutual fund universe) was 8.13%, while the mean return on the pension plans was 6.69%. Treasury bills returned 7.5% during the period, Mr. Berkowitz said.

Worse, pension fund performance also trailed the market indexes in the full 16-year period. That's mainly because pension funds had two catastrophic years in 1973 and 1974, and subsequent marginal performance never won back the losses, he said.

"There is no question that this study proves that pension funds have underperformed," said David Walker, who is deputy assistant secretary at the Labor Department.

"But the study is inconclusive on the reasons for that."

The study also showed:

- ERISA had no "discernible" effect on investment performance.
- Between May 1975 (when commissions were deregulated) and 1983, actual commission charges on equity trades declined by two-thirds. But during the same period, equity portfolio turnover tripled for ERISA plans, endowment plans and public pension plans, while it doubled for mutual funds.
- Portfolio turnover in the aggregate among stocks and bonds had no consistent effect on total portfolio performance for the 16-year period, despite its cost.
- Switching among stocks, bonds and cash equivalents and attempting to time the market had a significantly deleterious effect on the fund performance.

Mr. Berkowitz said he believes timing or "portfolio reallocations" probably were responsible for the significant underperformance of pension funds during the period.

Unlike pension funds, mutual funds are much less able to depart from rigid investment policies when events put their strategies out of favor. This rigidity turns out to be an advantage, he said. The study clearly showed the tendency to switch investment strategies at critical points produced poor performance.

Specialty mutual funds significantly outperformed pension funds, but balanced mutual funds as a group did not, he said.

"Most mutual funds are not diversified investment portfolios, and it is those specialty funds which outperformed pension plans," said Mr. Walker.

"When you compare the risk-adjusted performance of pension plans to the balanced mutual funds, you find comparable rates of return," he said.

Mr. Berkowitz said he believes the underperformance results from higher trading and commission costs from high portfolio turnover.

Pension fund turnover tripled in the period, compared with only a doubling of mutual fund turnover, the study reported.

"These costs can be significant when you are talking about transaction costs and significant amounts of turnover," he said.

Commission costs typically approximated 0.18% of the principal value of the transaction, the survey found, while market impact typically averaged about 0.05%, putting total transaction costs at 0.23%, or about 0.46% for a round-trip, (both a buy and sell), he said.

"The quality of the security selection must be quite good to offset costs of this magnitude," he said.

To better judge the pension funds' performance, the researchers developed a measure they called the "reward-to-variability" index, intended to demonstrate a fund's ability to take advantage of a higher level of risk.

Mr. Berkowitz said the index answers the question, "Was the fund paid for the higher level of risk it assumed?"

The index is calculated by first subtracting the Treasury bill rate from the fund return then dividing the result by the standard deviation of return.

It shows pension funds performed worse on the risk-adjusted basis as well as on the absolute basis.

The higher the index number, the better the fund is rewarded for taking additional risk. Pension funds recorded a mean reward-to-variability ratio of 0.01% during the 16-year period, while the Standard & Poor's 500 stock index recorded 0.10%.

This means that for every unit of risk, pension funds produced one basis point of return in excess of the risk-free rate, while the S&P realized 10 basis points, and the Salomon Brothers High Grade bond index produced minus seven basis points.

Mr. Walker said the Labor Department does not plan to act on the study until the follow-up is completed.

"Pending that result, we will have to see whether it is necessary or even appropriate to do anything," he said. ■

GTE may join . . .

Continued from page 3

organizations. Approval of the rule change, warns Mr. Lanoff, might invite "open warfare" between management and shareholders.

If the SEC does endorse the rule, the council will take its case directly to Congress, added Mel Rubin, a trustee of the $1 billion Retail Clerks Union and Food Employers Joint Pension Fund for Southern California, Bakersfield, and a council member.

However, new joiners expressed more interest in obtaining information on proxy votes than in waging a war on the one-share, one-vote issue.

"Proxy voting is where the council is most important to us," said David Seidel, vice president-pension fund management at the Stamford, Conn.-based GTE fund. The council is "way ahead of the corporate funds in dealing with the problem."

Echoed Die K. Hall, executive director of the $1 billion Arkansas Public Employees' Retirement System, Little Rock, the group is "hopefully a way for us to get information as it helps us in trying to vote our proxies."

There is both greater efficiency and more clout in trying to obtain information through the group, said Mr. Hall, whose fund recently joined the council. "Some of the larger corporations have tended to be close-mouthed in the past."

The council achieved a rapid buildup and widespread publicity in the first half of 1985 as it attacked "greenmail" practices and intervened in Phillips Petroleum Co.'s proposed recapitalization plan. Since the fall of 1985, however, the group noticeably had quieted down.

But observers said time has proved the council to be a credible entity, untainted by the fact that two of its three co-chairmen — New York City Comptroller Harrison J. Goldin and California Treasurer Jesse Unruh — are politicians. Membership is picking up steam with "the realization that the council is non-political," said James Koltes, a member of the investment committee of the $86 million Navy Relief Fund, a Washington-based endowment fund that is seeking council membership.

What's more, many pension funds have bided their time to see how well the council works, said Paul Quirk, executive director of the Massachusetts Pension Reserves Investment Management Board, Boston, which oversees $1.5 billion in public pension assets.

Another action that has buoyed the council's status was the invitation last fall by SEC Chairman John S.R. Shad to meet with the commission annually on issues of mutual concern.

"I think that their voice is a very important one and it's worth taking (their views) very seriously," Mr. Shad said in a telephone interview. He noted the council has established itself as a factor on the unequal voting rights issue.

Some council members are looking for the group to better focus its objectives at a late September meeting to be held in Kansas City, Mo. There, the council might target one or more situations where members would wage a proxy fight or seek election of its candidates to a corporate board, said Steven Matthews, special assistant comptroller for the New York City pension funds.

The New York City funds, with more than $25 billion in assets, are at the forefront of such issues. Last week, Mr. Goldin fought a proposal by Greenwich, Conn.-based Clabir Corp. to create unequal voting rights for different classes of common stock. The dual class proposal, however, was approved 98% by shareholders.

"Maybe it's time to do more than just vote together," said Mr. Quirk, explaining council members could meet with corporations whose anti-takeover actions they question.

In addition, some hope to expand the council's agenda. While some members have raised such sticky issues as executive compensation, others now are concentrating on how they can help companies do a better job and give a better return to shareholders. ■

Mapco fund . . .

Continued from page 3

bad, he is sucking wind and it's time to go away," said Mr. Troup.

If at any point during the five-year period a manager's probability of reaching the goal falls below 25%, then the manager's status will be re-examined.

"Based on the needs of our plan, the funding status for the plan, we needed something to give us a little more aggressive performance than a GIC relative to the real rate of return," Mr. Hyer said.

Both Hahn Holland, which uses a market-timing approach to equity investments, and Beutel Goodman, a value equity manager, are expected to achieve a 6% annual inflation-adjusted rate of return.

"Philosophically, we believe that we would like to have more than just two (equity) managers for $70 million," said Mr. Troup, "but in this particular instance, as the candidates fleshed themselves out, the other contenders did not seem to offer any diversification value."

Fiduciary Trust is expected to return 3% annually in real terms, while Aetna's real estate fund is targeted to achieve a real 4.5% annual return.

The Aetna GIC is expected to maintain a real return of 2.5%. ■

Terminations slow . . .

Continued from page 3

porate purposes, he added.

The spinoff/termination of Exxon Corp., New York, also is included on the most recent list from the PBGC.

The spun off plan, covering retirees, has assets of $1.8 billion with surplus assets of $1.6 billion.

An Exxon subsidiary, Exxon Coal USA, Houston, also has filed to terminate a $47 million plan, with surplus assets of $24 million.

Earlier in the year, Exxon Enterprises, New York, filed to terminate a $21 million plan, with surplus assets of $17 million.

All three terminations are pending with the PBGC.

Other termination filings are:

- N L Industries Inc., New York, a $300 million plan, with surplus assets of $150 million.
- Baker International Corp., Orange, Calif., a $173.3 million plan with a $56.3 million surplus.

"The decline in interest rates has caused the liabilities of pension plans to increase significantly," said Frank B. McArdle, education director of the Employee Benefit Research Institute, Washington.

He said the decline in interest rates has wiped out the pension system's $200 billion to $300 billion in surplus assets (*P&I Age*, July 7).

In addition, Kathleen P. Utgoff, executive director of the PBGC, said the Single-Employer Pension Plan Amendments Act may have played a short-term role. SEPPAA calls for a moratorium period on reversions and requires a 60-day notice to employees prior to the date of termination.

Mr. McArdle also said the proposed 10% excise tax could have caused companies to delay, or abandon, termination filings. ■

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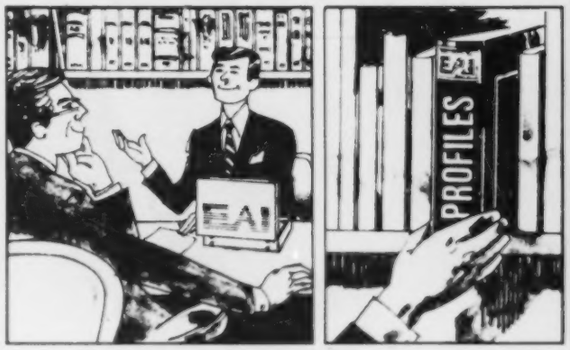

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C2710-2

No economic surprises predicted

By Chuck Paustian
and Trudy Ring

Corporate executives will be surprised if their pension funds get a boost from the economy in the remainder of 1986, as they predict generally flat or declining interest rates and a less-than-booming stock market.

"I do not see interest rates climbing back up dramatically — they are fluctuating at a low level," said Irene Leary, manager-employee benefit fund investments for Texas Instruments Inc., Dallas.

"With corporate earnings not doing very well and the economy not taking off, rates will tend to go a little lower," said G. Jake Miller, trust investment manager for Upjohn Co., Kalamazoo, Mich. Rates could go between 100 and 200 basis points lower by the end of the year, he said.

David Norris, director of retirement funds at Boise Cascade Corp., Boise, Idaho, said he looks for rates to drop by a smaller amount, between 60 and 80 basis points.

Rates may start back up again in 1987, but they likely will continue to trend down until then, said Don Bird, corporate director of employee benefits at E-Systems Inc., Dallas. Like the others, he attributed the downward trend to

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Pensions & Investment Age

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Alternative investments net $1.6 billion

Venture cap partnerships get 7 commitments

By Trudy Ring

At least seven tax-exempt funds have made commitments to venture capital limited partnerships recently.

• Bridge Capital Investors II, New York, has drawn commitments from five tax-exempt funds. The partnership had an initial closing April 2 with $74 million and a second closing with an additional $10 million June 30. The partners aim to bring the fund to $100 million by the end of September.

• Capital Research Management Group Ltd., Lawrence, Kan., has raised $1.5 million from individuals and corporations. Of that total, $1.2 million was in financing made available to the individuals and corporations by the Kansas Public Employees' Retirement System, Topeka.

• Three venture capital groups received commitments from the Pennsylvania State Employees' Retirement System, Harrisburg.

Bridge Capital's tax-exempt investors include the Exxon Corp. pension fund, New York; the Illinois Tool Works Inc. pension fund, Chicago; the Ford Foundation, New York; the New York State Common Retirement Fund, Albany; and the Wisconsin State Board of Investment, Madison.

The $5.5 billion Exxon fund committed $2 million to the Bridge Capital partnership, said C.W. Williams, assistant treasurer. Exxon also participated in Bridge Capital's first fund, he said. The Exxon fund has less than 2% of its assets in venture capital.

A pension official at Illinois Tool confirmed his fund made a commitment to Bridge Capital, but declined to comment further.

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4 new funds join buy-out pool

By Marci Baker

NEW YORK — At least four new pension funds have signed up for Forstmann Little & Co.'s latest $1.5 billion-plus leveraged buy-out pools.

The latest pools will provide subordinated debt and equity financing for the management buy-outs it arranges.

Although the bulk of commitments have come from institutions that have participated in earlier Forstmann Little pools, sources said in excess of $100 million was drawn from first-time commitments to Forstmann by: the District of Columbia Retirement Board, Washington; the Massachusetts Pension Reserves Investment Trust, Boston; Eastman Kodak Co., Rochester, N.Y.; and American Express Co., New York.

General partner Theodore Forstmann could not be reached for comment. However, Forstmann Little reportedly has received in excess of $1 billion in commitments for its third subordinated debt fund — the Forstmann Little & Co. Subordinated Debt and Equity Partnership-III

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Inside:

CORPORATE FINANCE: U.S. issuers are turning to the overseas market to set up global medium-term note programs. Plans are to get these new facilities going by year's end — page 43.

REAL ESTATE: The Mission Valley shopping center in San Diego, Calif., shown above, is the latest purchase by [illegible] — page 27.

[illegible] corporations source for term capital obligations — page 37.

Union told to pay for stock advice

IAM loses bid against Eastern

By Rose Darby

WILMINGTON, Del. — The International Association of Machinists Stock Ownership Trust has suffered a blow in its fight to get a better price for its Eastern Air Lines Inc. stock.

A U.S. District Court judge in Wilmington has denied a union request to require Eastern to pay for the trust's independent legal and financial advice on whether Texas International Airline's proposed acquisition of Eastern deals fairly with shareholders.

The IAM trust holds 3,413,237 shares of Eastern common stock, which represents 4.76% of the issued and outstanding common stock. The fund also holds 853,380 shares of 20% preferred stock, which represents 29.77% of the issued and outstanding preferred stock.

Each share of preferred stock is convertible into one share of common stock and is subject to automatic conversion under certain circumstances.

If all the preferred stock held by the IAM trust were converted into common shares, the IAM trust would own 4,266,617 shares of Eastern common stock, or 5.88% common stock.

Under the terms of Houston-based Texas Air's tender offer, the IAM trust's shares would be valued around $45 million. But the shares' valuation could be as high as $150 million, depending in part on how the special preferred stock is valued, the IAM complaint filed against Miami-based Eastern contends.

A higher valuation of the shares presumably would affect valuation of shares held in three other Eastern employee trusts: the Airline Pilot's Association trust fund; the Transport Workers Union trust fund; and the Eastern non-union employees' trust.

In total, a victory could drive up the final cost of acquiring Eastern to $990 million from the current $640 million purchase offer and might prompt Texas Air to reconsider the takeover, which Eastern's unions oppose.

The court decision leaves the plan trustees with determining whether they should continue to hire outside legal and financial advice, and how to pay for it if they decide to go ahead.

Eastern, in mid-June, filed with the Securities and Exchange Commission to offer the trust's preferred stock holders cash for their special 20% participating non-cumulative preferred shares or an exchange of Texas Air debentures in place of the shares.

If Eastern gets SEC approval of this offer, two-thirds of the trust's preferred shareholders and 51% of the

The *P&I Age* monthly indexes track the changes in the Standard & Poor's 500 stock index, the Russell 3000 stock index, the Ryan Index of fixed-income securities and the Shearson Lehman Government/Corporate bond index.

***P&I Age* July indexes**

	Latest mo.	Year to-date	Trailing 12 mos.
S&P 500	−5.6	14.08	28.42
Russell 3000[1]	−5.9	14.2	27.9
Ryan Index[2]	.61	13.83	27.01
Shearson Lehman Gov't./Corp.[2]	.65	10.66	21.81

Source: Rogers, Casey and Barksdale Inc.

[1]Frank Russell Co. [2]Fixed income.

SBA loans draw pension assets

Small-business arena attracting small-fund interest

By Barry B. Burr

A number of pension sponsors are putting large shares of their assets into Small Business Administration loans.

Among the sponsors that confirmed recent investments:

- Tanner Cos., Phoenix, Ariz., invested $3.5 million of its $10 million in defined contribution assets.
- Godfrey Co., Waukesha, Wis., assigned $750,000 of its $5 million profit-sharing trust.
- Wausau Medical Center, Wausau, Wis., allocated $1.5 million to $2 million of its $10 million profit-sharing fund.
- Shamrock Foods Co., Phoenix, Ariz., made an investment from its reported $6 million profit-sharing fund. The amount, unconfirmed, was said to be $4.5 million.
- West Allis Memorial Hospital, West Allis, Wis., placed $2.2 million of its $5.9 million retirement fund.
- Regional Transportation District of Denver committed $18 million to $20 million of its $100 million defined benefit fund.

Dana Investment Advisors Inc., Brookfield, Wis., which handles the SBA loan investments for the funds, is one of a few money managers running such portfolios for pension funds.

Pacific Mutual Life Insurance Co., Newport Beach, Calif., also invests in the SBA loans for pension funds.

"We wanted the SBA loans to provide a stable base so we could focus on active management on the equity side," said Don Gilmore, Tanner treasurer.

SBA loans are originated by financial institutions, generally banks. Michael L. Dana, president of Dana Investment, said his firm buys only the government-guaranteed part of the loans, the portion sold by banks and other financial institutions for liquidity.

The SBA insures 90% of loans of $155,000 or less and 85% of loans more than $155,000. The maximum SBA loan is $500,000.

Dana's share often amounts to less than the 85% or 90% share of the loan, as banks often retain a piece of the guaranteed portion, along with the non-guaranteed part, Mr. Dana said.

He said Dana buys the loans directly from banks or from SBA broker/dealers.

In all, there are about 25 SBA loan broker/dealers. Among the biggest are: Westcap Corp., Houston, a unit of Western National Life Insurance Co., Austin, Texas; Union Planters National Bank, Memphis, Tenn.; and Governmer Securities Corp., Houston.

New York-based Colson Secur ties Corp., a unit of National Ban of Washington, acts as transfe agent for interest and principa payments on all SBA loans. takes one-eighth of 1% of eac payment for its services.

The SBA loans act like Goverr ment National Mortgage Associa tion securities rather than bond The interest and principal paid b borrowers are passed by the ban to Colson, which in turn passe the payments on to investors.

The loans come in two forms - variable (priced off the prime rat and fixed rate.

Investors and managers conten the yield is higher than for compa rable maturing Treasuries.

As an example, Michael Kan Westcap senior vice presiden said a pool of 12 variable-rat loans, maturing in 17 years, wa priced at the prime rate plus ⅞% and selling at 108½%.

He said the yield amounted t 165 basis points over three-mont T-bills.

Mr. Dana said his firm has bee investing in the loans on behalf o employee benefits funds for abou six years. Dana buys only individ ual loans, from which it forms it

Continued on page 6

Indian confederation adopts 401(k) option

By Andrea Finamore

PORTLAND, Ore. — Investment trends may well be a topic at next summer's meeting of members of the Confederated Tribes of the Umatilla Indian Reservation who have joined the confederation's new 401(k) retirement plan.

The Umatilla, Walla Walla and the Yuse tribes have signed up for a 401(k) salary reduction retirement plan through American Trust Co., Honolulu, a $1 billion pension asset management firm.

The transaction, implemented July 11, is believed to be the first time American Indians are using a 401(k), said Paul Seaman, vice president of corporate communications of American Financial Services of Hawaii Inc., Honolulu, the parent company of American Trust.

With a 401(k) plan, members can decide annually how much they want to have deducted from pay and deposited in a tax-free investment fund that will grow until retirement.

The new plan for the confederation includes a profit-sharing option, and provides an Oppenheimer Equity Income and Special Fund, and a money market account with Far West Federal Bank, Portland, said Stephen R. Mazda, American Trust's mainland marketing director and 401(k) specialist.

American Trust will provide custodial administration for the plan.

Umatilla management is matching employee contributions dollar-for-dollar up to 5%. "Participants can defer 2% to 15% of their pay with the introduction of the 401(k)," said Mr. Mazda.

"Twice a year they can decide to increase or decrease contributions for the following year," he added. Between 58% and 68% of the tribal employees are now enrolled.

The tribes' ultramodern grain elevator, timber resources and commercial hunting, fishing and camping facilities generate most of the confederation's revenue, said Larry Delplanche, controller of the reservation.

"Retirement used to be a problem for Indians, since an Indian would work for his tribe, not for the government, and would receive only modest social security," said Mr. Delplanche.

"Historically tribes do not pay high salaries, so come retirement, an Indian's lifestyle would go down. Now, with this plan, instead of getting just a pat on the back and a 'thank you,' he can maintain his lifestyle as it was while he was receiving a pay check."

Melsue Minthorn, accounting clerk for the confederation and designated 401(k) tribal administrator, said the plan suits everyone.

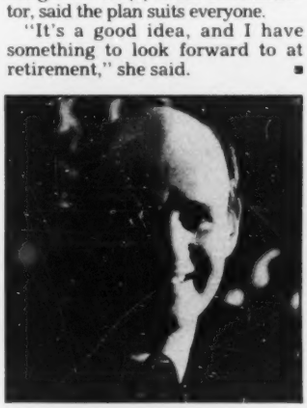
"It's a good idea, and I have something to look forward to at retirement," she said. ■

NYC returns spur dispute

By Brad Rudin

NEW YORK — Charges of mismanagement and political interference have embroiled New York City's pension system in a dispute that pits the finance commissioner, a recent mayoral appointee, against the comptroller, an elected official who often finds himself at odds with Mayor Edward I. Koch.

Poor performance by the city's equity managers and a mistaken decision to invest heavily in cash translates into a $1 billion loss of potential investment earnings for the city, Finance Commissioner Abraham Biderman wrote in a July 31 letter to the retirement system's trustees.



Comptroller Harrison Goldin

If the active equity managers had achieved returns equal to the Standard & Poor's 500 stock index, the city pension funds would have gained an additional $475 million during the five-year

Continued on page 65

PRIT hires 3 for international

By Rose Darby

BOSTON — Officials at the Massachusetts Pension Reserves Investment Trust completed the fund's international manager search by hiring three non-U.S. equity managers to invest a total of $90 million, according to Peg Harrington, analyst.

These three hirings bring to six the number of international equity managers for the $1.3 billion PRIT, she said. Combined, they will be investing about 10% of the fund in stock markets abroad, she added.

All managers will adhere to the board's South Africa-free strictures, she added.

State Street Bank and Trust Co., Boston, was hired to manage an international equity index fund, while Schroder Capital Management International Inc., New York, and Baring International Investment Ltd., Boston, will manage active non-U.S. equity portfolios, she said.

State Street received an initial allocation of $40 million for the index fund. Baring and Schroder were given about $25 million each, she added.

In June, the Pension Reserves Investment Management Board hired Warburg Investment Management International Ltd., London; Scudder, Stevens & Clark, New York; and N.M. Rothschild International Asset Management Ltd., London (*Pensions & Investment Age*, July 7).

At the time, $45 million was divided among the three.

Additional assets were now allocated to Scudder, N.M. Rothschild and Warburg, so each will manage a $25 million portfolio.

The shaping of a South Africa-free policy was a task that was hammered out in-house, according to Dan Kelly, director of program development.

A list of roughly 650 companies doing business in South Africa was compiled from several sources, he said.

"Our restrictions were very strict," said Mr. Kelly. The board is prohibited from owning any stock in a company doing business in or investing in South Africa, he said.

That includes any bank or finan cial institution that has loans out standing in South Africa, he added.

"In terms of exclusions, Ger many and the United Kingdor were clearly the most dramati cally affected markets," he said.

As of Dec. 31, there were 5 German securities in the Morga Stanley Europe Australia Far Eas index, he explained.

"Twenty of those German stock are eliminated under our list, c 38% of the EAFE weighting fo Germany," he said. Those 20 eli minated stocks comprise 10.2% c the total EAFE index, he added.

As of the same date, the Unite Kingdom had 112 securities in th EAFE, he said.

"Sixty-two are eliminate under our list or 55% of the EAF weighting for the U.K.," h explained. Those 112 issues repre sent 17.8% of the total EAF index, he said.

The United Kingdom had mor than 300 companies listed tha were restricted, many of which ar not part of the EAFE index.

Real estate questionnaires due

Real estate advisory firms seeking to be profiled in the Sept. 15 issue must return questionnaires as soon as possible to: Carol Wiley, directory coordinator, 740 Rush St., Chicago, Ill. 60611; (312) 649-5486. Responses were due Aug. 4.

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